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REPARATIONS AND THE CASH TRANSFER PROBLEM

I

THE Dawes plan has now been in successful operation for nearly two years. The scheduled payments to the Agent General are being made without delay or interruption, and there is no evidence that undue strain has been placed upon the financial resources of the German government. But the real test of the Dawes plan, so far as concerns actual receipts by the Allies, still lies in the future. The annuities thus far paid by Germany are only two-fifths the size of those of the standard year; and the greatest part of the receipts by the Allies have hitherto taken the form only of deliveries in kind or the direct use of German services. The first real object of the Dawes plan, to put the German public finances on a stable basis and to protect them from catastrophic foreign demands, has been accomplished. The possibility of achieving the second real object of the plan, however—the possibility of securing a steady flow of funds to the Allies, of satisfactory size—has not yet been demonstrated.

The Reparations payment question, it is evident, presents two different and quite separate phases. One is the problem of raising the specified sums *within* Germany. This is exclusively a matter of German public finance, and within the bounds of reasonable probability is not likely to give rise to serious difficulties. The virtual repudiation of the old public debt by depreciation, and the enforced restriction of military expenditures, have placed Germany in such a position that,

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even if the standard volume of annuities is included, her real tax burden will quite surely be less than those of the principal European Allies.

The other problem, far more intricate and far less easily solved, is that of actually transferring the sums raised from Germany to the Allies themselves. Up to the present time this problem has not been serious, for the annuities have been small enough so that they could be paid chiefly in the form of deliveries in kind and services. That is, the marks raised in Germany have been re-spent in Germany by the Allies, to purchase German goods and services directly for their account. But as the scheduled annuities become larger, in the next three years, this form of payment will cease to be adequate. The deliveries in kind have been largely coal, coke and dyestuffs, and the capacity of the Allies for absorbing these products is limited. When the volume of payments increases substantially, it will be necessary to resort to cash transfers to make up the difference. That is, it will be necessary to convert into Allied currencies whatever supplies of marks the Allies cannot or will not spend in Germany.[1] These conversions will require a continuous series of operations in the foreign exchange markets, which will radically affect the course of German international trade. Indeed, the entire financial structure of Germany will be drawn into the situation. Should it fail to respond to the new demands placed upon it, the attempt to make cash transfers must inevitably collapse. Marks themselves cannot be exported to the Allies, for they are not a legal means of paying debts in the Allied countries. If cash transfers are to be made, the aggregate of German individuals and companies must therefore acquire a surplus of current credits due from foreigners over current debits, a surplus which the Reparations officials can purchase with *marks* and then pay over to the Allies.

A few figures will suffice to indicate the probable dimensions of the cash transfer problem. The annuity for the first year, 1924–1925, amounted to 1,000,000,000 reichsmarks ($238,-

[1] Allowance being made, of course, for the provisions governing the accumulation of payments up to 5,000,000,000 marks, and the cessation of payments when the untransferred surplus reaches this size.

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000,000). Of this sum, 700,000,000 marks was spent within Germany, chiefly for deliveries in kind.[1] The annuity for the year now drawing to a close amounts to 1,220,000,000 marks. That for 1926–1927, the first year in which cash transfers may be made explicitly, is 1,200,000,000 marks; for 1927–1928, 1,750,000,000 marks; and for 1928–1929, the first standard year, 2,500,000,000 marks ($600,000,000). Thereafter the payments increase or decrease with the movements of various specified indices of prosperity. It is most improbable, however, that receipts which take the form of direct mark expenditures by the Allied governments within Germany, for German goods and services, will take care of anything like all of these later annuities. Even if such expenditures can be made to run as high as 1,000,000,000 or 1,200,000,000 marks a year, which is by no means certain, over 500,000,000 marks will remain to be transferred in cash in 1927–1928, and from 1,200,000,000 to 1,500,000,000 marks thereafter.[2] The critical period will thus begin in the fall of 1927.

If these large cash transfers are to be established on a permanent basis, and not merely left dependent on the sporadic favorable accidents of foreign exchange and foreign trade, the

[1] Of the total annuity for 1924-1925, deliveries in kind took 49.8%, costs of the armies of occupation 20%, payments under the Reparation Recovery Acts 19.2%, service of the German External Loan of 1924, 7.7%, and the various commissions of administration and control 2.7%. (See the *Report* of the Agent General for Reparation Payments of November, 1925, pp. 10-14.)

For the first nine months of the annuity year 1925-1926, approximately similar proportions were maintained. Deliveries in kind and other forms of mark payments within Germany took 68%, and about 32% was transferred in foreign currencies, chiefly in connection with the Reparation Recovery Acts and the service of the External Loan. (See the *Report* of the Agent General for June 15, 1926, p. 10. This *Report* did not come into the hands of the writer until after the present article was in type, and therefore could not be fully utilized.

[2] It is the great merit of such devices as the assistance scheme proposed by Sir Josiah Stamp (submitted to the Committee on Economic Restoration, of the International Chamber of Commerce, in May, 1925) that they involve methods of transfer which do not depend on the ordinary machinery of international commerce and finance, and which can, indeed, be converted into something like deliveries in kind. Unfortunately, however, the *continuous* relief which these devices offer apparently does not promise to be very great. Their usefulness is more likely to be confined to particular isolated periods.

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international financial position of Germany must undergo a considerable change. Germany must in some way acquire a new and steadily recurring surplus of current credits, due to her in the international commercial account, over the current debits against her, taking the annual total of commodity and service and capital transactions all together. Moreover, the surplus must at the least be equal in each year to the cash transfers desired in that year on Reparations account. If the surplus is not of that size, either it will prove impossible to effect the transfers or else the attempt to make them will lead to an excessive bidding-up of the price of foreign exchange, and hence to the danger of depreciation. Should that happen, further attempts to make transfers will of course have to be postponed.[1]

Most students are now agreed that the new surplus of credits, if it can be secured at all, must come largely from the commodity balance of trade. The other items in the German balance of international payments do not seem likely to provide increased and *enduring* surpluses of the desired size. It is of course true, as certain writers have pointed out, that if the net movement of investment capital into Germany can be increased by the amount of the desired cash transfers, then no change in the commodity balance of trade need occur. This evidently offers a simple and attractive solution of the problem. Unfortunately, however, there seem to be certain difficulties.

In the first place, Germany is already importing capital in considerable volume. The actual size of the movement does not seem to be clearly established, but that it has been very important is suggested by the existence of a large adverse balance of German commodity trade in 1924 and 1925—over 2,500,-

[1] The Reparations officials are expressly charged to prevent the transfer operations from endangering Germany's exchange and currency stability. This shows, incidentally, the futility of the frequently expressed fear that the transfer operations, by absorbing all the available exchange, will prevent foreigners from receiving interest payments on their investments in Germany. German corporations can bid up the price of exchange without limit in order to meet their foreign obligations, if necessary, whereas the Reparations officials obviously cannot. The cash transfer operations will constitute the *last* claim on current supplies of foreign exchange in the German markets, not the first claim.

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000,000 marks a year.[1] This capital importation has been going on, however, *in the absence of* any substantial cash transfers. If the importation is to take care of the large transfers of the future, which will constitute an addition to Germany's debits in the international account, it must therefore be *increased* by a corresponding amount—be increased, that is, to a very large figure indeed. In the second place, in order to provide an annual *net* surplus of credits in the international account of a given constant size, available for cash transfer purposes, the importation of capital must be of steadily growing volume. A merely constant volume of importation would be offset in less than fifteen years' time by the return flow of interest, profits and amortization payments. Finally, Germany needs new capital very badly just now, but there is no clear evidence that this need will continue over any long period. The chief present shortage seems to be that of capital for bringing plants up to date, of which indefinite amounts are not required. The need for foreign capital to develop a large series of new German enterprises is not great.

It is therefore the writer's opinion that the flow of new capital into Germany will not only fail to increase steadily, but will soon diminish. It cannot be relied on to provide a permanent surplus in the international account, available for cash transfer purposes, which will be *in excess of the surplus already existing and now being used up by the ordinary needs of German commerce.* Increases in the rate of capital importation may provide relief in particular years, but the brunt of the permanent burden of the transfers must be borne by the commodity balance of trade.

It is necessary to make the meaning of this last phrase clear. When we say that the desired surplus of credits must come from the commodity balance of trade, we do not in the least

[1] In 1925 and the first half of 1926, the total foreign borrowing was 1,800,000,000 marks.

It is interesting to remark that there is ground for thinking that the long-term borrowing of the first part of 1926 has simply taken the place of a short-term debt previously owed abroad but now repaid, thus leaving the aggregate foreign debt of Germany unchanged. (See the *Report* of the Agent General for June 15, 1926, pp. 27, 28.)

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mean that commodity exports must exceed commodity imports in a given year by precisely the amount of the cash transfers desired in that year—say 1,500,000,000 marks. We mean that the trade balance must be *more favorable than it would otherwise have been*, and by the indicated amount. In 1925, for example, Germany had an *unfavorable* trade balance of 2,500,000,000 marks, chiefly because of her heavy foreign borrowing. Had it been desired (and possible) to effect cash transfers of 1,500,000,000 marks in that year, it would not have been necessary to convert the adverse trade balance into a favorable balance. It would only have been necessary (assuming the other non-commodity items to remain unchanged) to reduce the adverse (debit) balance to, say, 1,000,000,000 marks, thus leaving 1,500,000,000 marks of credits for the cash transfers. As a matter of fact, however, the future trade balance of Germany is likely to be favorable by distinctly more than the amount of the cash transfers. This is due to the fact that Germany is quite sure to have an excess of debits in the international private capital account, as the volume of her new borrowing falls off, and as the volume of interest, profits and amortization payments grows. This excess of private debits will probably have to be offset by a relative increase in commodity exportation.[1]

[1] All the large international capital movements of the past have been effected, directly or indirectly, by means of roughly equivalent relative changes in the commodity balances of trade of the countries concerned. These adjustments have usually been made without attracting much attention at the time, and without conscious intervention. The cash transfers that will be involved in the payment of Reparations differ in two important respects, however, from most of the earlier international capital movements. In the first place, they are a non-commercial form of transfer, and therefore will not be inherently related to the ordinary movements of international trade and finance. The investment of capital abroad on private account, for example, necessarily involves such a relationship, and builds up for itself considerable groups of economic interests in each country that are directly concerned with the successful making of the corresponding transfers of funds. In the second place, the Reparations transfers will begin on a large scale, and will reach their maximum after the lapse of only a year. The ordinary commercial movements of capital, on the contrary, attain a given large magnitude only rather gradually. The resulting adjustments are spread out over a considerable interval, and are correspondingly less severe at a given time.

The only real analogy to the prospective Reparations operations were the

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II

The necessary new surplus of credits in Germany's international account, to repeat, must come largely from the commodity balance of trade. There is no obvious and immediate connection, however, between the making of cash transfers on the one hand, and changes in the balance of trade on the other. There is no apparent reason, for example, why in the year 1927–1928 German exporters should so increase their sales, and German importers so decrease their purchases, as to make the German trade balance more favorable by, say, 500,000,000 marks. Yet unless some such change takes place, it will probably be impossible to make substantial cash transfers without endangering the exchanges and the currency; and to that extent the Reparations payment machinery will break down. The receipts of the Allied governments will then be limited by the extent to which they are themselves willing to purchase German goods and services directly. There is simply no way other than such purchases, if it proves impossible to build up a current surplus of credits in the international financial account, by which values can be transferred from Germany to the Allies.

Nevertheless it is possible that, under favorable conditions, the attempt to make large cash transfers will of itself so affect the financial structure of Germany that the general level of German prices will be somewhat altered, in a downward direction; and it is possible, again under favorable circumstances, that this fall in prices will make the German balance of trade more favorable than it would otherwise have been. These

French indemnity payments of 1871-1873, which, in the two years they lasted, were nearly equal in size to the standard Reparations annuities. But here the effects on the French trade balance were spread out over ten years. The payments were made in the first instance by the sacrifice of most of France's holdings of foreign securities, and by the sale of government securities abroad. (See the writer's *Theory of International Prices,* Cambridge, 1926, App. B.) This resource will be open to Germany, on the other hand, to only a limited extent. Her foreign holdings have already been largely sacrificed, during and after the war; and, as already shown, the new foreign capital flotations of the future are unlikely to provide large and *continued* net surpluses of funds. This situation will make it necessary to resort to the more complicated and deliberately controlled procedure outlined in the following pages.

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tentative conclusions follow from a consideration of the processes that will presumably be involved in the making of the transfers.[1]

The collection of the Reparations funds *within* Germany, and their remission to the Agent General for Reparation Payments, entails no more disturbance than any other tax collection. The deposits of private individuals and companies with the various German banks are diminished for a time, while those of the government and the other collecting agencies are increased. Then when payments are made to the Agent General these last deposits fall, while the account of the Agent General with the Reichsbank grows. In effect the Reichsbank —and ultimately the Agent General—is substituted for private individuals and companies as the owner of a certain volume of deposits in the German banking system. The individuals and companies directly affected find that the average volume of purchasing power which they can command at a given time is permanently reduced somewhat, but for the country as a whole this reduction is roughly offset by the increased lending power of the Reichsbank. In so far as the Reichsbank elects to call in part of the balances due it from other banks, some concentration of reserves also results, but the effects of this concentration are confined chiefly to the short-time money markets. It is therefore not to be expected that the operations involved in the making of payments *within* Germany, to the Agent General, will have any marked influence upon German finance in general or upon the level of German prices. As in the case of any other heavy taxation, however, some check to production and enterprise may be expected as the annuities work up to their highest levels.

The attempt to convert the accumulated mark balances into foreign currencies, on the other hand—the attempt to make

[1] The general position worked out in the following pages is essentially like that presented by the present writer in an article published in *Foreign Affairs*, in October, 1925. A somewhat different method of approach, however, has led to more detailed conclusions as to the mechanisms that will probably be involved in the transfer operations; and certain erroneous propositions in the earlier paper have been abandoned.

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cash transfers—*may* produce effects of a different and far wider sort. When the Agent General, in coöperation with the Transfer Committee, undertakes to buy foreign exchange, what will happen? Evidently he must go into the exchange market and buy bills drawn against foreign balances: his position is precisely like that of any German individual or concern owing money abroad, and seeking to pay the debt.[1] But the exchange market will be found to be already substantially in equilibrium, as it always is under stable monetary conditions. Plus or minus such balances as are left abroad or withdrawn, the commercial demand and supply of bills always come out roughly equal. The operations of the Agent General will be a net addition to the current demand for exchange, without there having been any immediate and corresponding increase in the current supply. Where, then, can the necessary bills come from?

They can come from two principal sources. In the first place, the Agent General can increase the price he offers for foreign exchange, and thus displace some part of the ordinary commercial demand. This, however, will cause distress to legitimate industry and commerce, and has the further grave danger that if carried very far it will lead to exchange and even currency depreciation—which the Reparation officials are of course charged to prevent. To the limited extent that the rise in the exchange rates makes commodity exportation more attractive, however, and to the extent that it checks importation, some increase in the supply of bills relative to the commercial demand may be expected. In the second place, German holders of balances in foreign centers can be induced to sell some part of these balances to the Agent General, in return for marks in Germany. Such sales offer in themselves a form of assistance which is only temporary, for the assistance ceases as soon as the disposable balances are exhausted, but for certain types of balances the

[1] The alternative method of making cash transfers, the sale of mark drafts abroad drawn against the Agent General's funds, will be examined in a later section. The very limited extent of the market for mark bills, however, makes this method of minor importance.

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sales can be made to exert an influence upon German finance of a wider and more enduring sort.[1]

These foreign balances are of two principal sorts—those owned by German banks, and those owned by non-banking concerns and individuals. The latter sort are of small importance in the present connection. They are built up either to facilitate the conduct of foreign business, or as a means of keeping funds where they will escape German taxation or a possible future depreciation of the mark.[2] Their size has little relation to the fluctuations of the money markets, and it is therefore unlikely that the minor alterations in the exchange rate possible under a gold standard will induce their surrender in significant volume. The foreign balances owned by German banks other than the Reichsbank, similarly, will not ordinarily provide any great measure of help in relieving the pressure on the exchanges. Although they may often be of very considerable size, only a small part of such balances is usually available for sale. Most of them, at a given time, represent cover against "future" sales of exchange which have been made at some prior date. That is, they are already committed to meet contracts that will soon mature. Moreover, the constant maintenance of balances of at least a certain size with foreign correspondents is usually necessary in order to secure the best terms and services. If any considerable volume of these balances chanced to be available, however, a slight increase in the price offered by the Agent General would probably induce the banks to sell them. But this again will provide little more than temporary assistance. From this point of view of the selling banks, no change in their credit policy will be called for. They will simply find that in place of reserves held abroad—foreign balances—they have acquired deposits with the Reichsbank (received as payment from the Agent General), which for them are an even better form of reserve. From the point

[1] The drawing of finance bills on foreign centers, and their sale to the Agent General, will also relieve the pressure on the exchanges, but only temporarily. Drawing finance bills is a form of borrowing, and the loan must later be repaid (or the bill be covered before maturity).

[2] This last motive, of course, is not usually important now.

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of view of the Reichsbank, however, demand deposits due to other banks will have been substituted for certain deposits due the Agent General. Since the demands of the Agent General are made in large part only at regular and determinable intervals, the Reichsbank may now conclude that its position is more exposed than before, and may reduce somewhat the rate at which it grants new credit.

There remains, finally, the most important category of all: foreign balances and exchange held by the Reichsbank itself. These holdings are especially significant in respect of the cash transfer problem, for two reasons. First, they are an important part (at present about one-third) of the legal reserve against the Reichsbank's note circulation. Second, for the most part they do *not* represent cover against future sales of exchange already made by the Reichsbank. The Reichsbank does not play an important part, at the present time, in the ordinary financing of German foreign trade. It is building up its foreign holdings as rapidly as possible. Whenever it can afford to, it allows the foreign bills it has purchased to mature and then holds the proceeds abroad, instead of immediately selling against them.[1]

From this situation important consequences follow. Take the year 1927–1928, when the Reparations annuity will amount to 1,750,000,000 marks, and suppose that during that year—the first year when the cash transfer problem will be really serious—it is necessary to make transfers of 500,000,000 marks. Suppose further, as is most likely, that Germany's ordinary commercial and private financial operations with other countries fail to show at the time any large surplus of current credits over current debits in the international account; and that the volume of uncommitted and available balances held abroad by private German banks and other companies is negligible. If the desired cash transfers are nevertheless to be made, without displacing legitimate private needs and thus in-

[1] This is just the reverse of the ordinary practice of the commercial banks dealing in foreign exchange, which is to sell exchange first, and then to buy cover at some convenient time before maturity (except, of course, where the banks are selling out balances previously acquired).

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curring the danger of depreciation, only one resource will be open to the Agent General: the Reichsbank. Use of the Reichsbank's holdings of foreign bills and balances will be the only way, under these conditions, by which any large supply of exchange can be secured on short notice. The Bank must therefore be induced to sell some part of its holdings to the Agent General. These holdings now amount to about 750,000,000 marks, and are increasing steadily, so that if necessary they will more than take care of the entire cash transfers probably necessary in 1927–1928.[1]

The ordinary commercial inducement for making such sales is of course an increase in the price offered for bills, but the necessity of protecting the exchanges will prevent the Agent General from resorting to this inducement, except within narrow limits. It will therefore be necessary for him to rely upon a continuance of that policy of close coöperation which the Reichsbank has thus far so commendably pursued. The Bank will also be the more willing to coöperate to this extent because a complete collapse of the cash transfer operations, which its opposition would almost certainly entail, would revive an old danger. Faced with apparently adverse conditions in Germany, the Allies might well return to the ominous policy of trying to ensure a steady flow of receipts by the application of direct military and economic sanctions. The Reichsbank, as a patriotic and semi-official institution, will hardly care to pay such a price for non-coöperation in the transfer operations: to precipitate, that is, such a heavy sacrifice of its own and the country's interests.

These sales of foreign balances to the Agent General will relieve the immediate situation. If the relief were to be only

[1] In March, 1926 (the latest month on which I have information at the time of writing), the Reichsbank held 263,000,000 marks in foreign balances, and 481,000,000 marks in foreign exchange in portfolio.

It would also be possible, of course, to use the Reichsbank's domestic gold holdings for the purposes described in the text. But this impairment of the ultimate currency and exchange reserve would be technically dangerous, except as a means of meeting a temporary emergency; and if undertaken on any important scale it would have an extremely undesirable psychological effect, both at home and abroad.

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temporary, it is true, the sales would probably not be justified. But under favorable circumstances they will have a more enduring effect. The Reichsbank's foreign holdings, as just remarked, are an important part of the legal reserve against its note circulation. Selling any considerable fraction of them to the Agent General, thus cancelling an equivalent volume of his deposits with the Bank, will improve the deposit side of the Bank's position, but will reduce its aggregate reserves in equal amount. Since the reserve ratio is a fraction which is less than 1 (now about 37 per cent for the total of demand liabilities),[1] this ratio will fall. It can be improved, at least for the time being, only by reducing the note circulation. But if the reduction in the note circulation (which will presumably be accomplished by raising discount rates[2] and thus reducing the current rate of credit creation) is on an important scale, and comes at a well-selected moment, a reaction upon German prices and the volume of production is quite sure to follow. Both will fall. A fall in German prices, in turn, will make Germany a better market in which to buy, and a less attractive market in which to sell. The volume of exportation will increase, or the volume of importation decline, or both; and the current supply of bills in the exchange market will begin to exceed the ordinary commercial demand. As this surplus grows, the Agent General can begin to buy it up, and thus relieve the pressure on the Reichsbank. If the commercial surplus at first proves to be inadequate for his needs, he can again turn to the Reichsbank, and thereby start a further contraction. This process will go on until the decline in German prices has been sufficient to provide an enduring excess of commodity exports over imports, *relative* to the positions they would otherwise have occupied, and great enough to take care of the desired volume of cash

[1] In March, 1926, and including the outstanding rentenmarks in the Reichsbank's liabilities. Without the rentenmarks the reserve ratio was then about 50%. Of the total reserves, foreign holdings constituted 37%. Deposits are not at present an important fraction of the Bank's demand liabilities.

By the end of May, 1926, the reserve ratio against Reichsbanknotes alone was 65%; against Reichsbanknotes plus rentenmarks, the ratio was 43%.

[2] And also by the Reichsbank's exercising its power of selection in discounting bills.

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transfers. Equilibrium will then be restored in the balance of international payments, and the control over credit exercised by the Reichsbank can be relaxed. As the temporary financial and commercial depression ends, also, the Reichsbank can begin to build up its foreign holdings again.

This surrender of a part of the Reichsbank's foreign holdings will take care of the probable volume of cash transfers necessary in 1927–1928. In the next year, however, the annuities again increase greatly, and reach their standard size. The total annuities themselves will amount to 2,500,000,000 marks; and the desired cash transfers will probably come to something between 1,200,000,000 and 1,500,000,000 marks, more than double those of 1927–1928. Even at the lower figure, it is at the least doubtful if the Reichsbank will be adequate to provide for the entire sum at once from its then available foreign holdings. If the increasingly favorable commodity balance of trade, together with such credit surpluses as may exist in the other items in the balance of international payments, is unable to make up the difference, then some part of the transfers will have to be postponed.[1] But meanwhile the Reichsbank's further loss of foreign reserves will require a resumption of the policy of credit contraction. This contraction will produce a further temporary depression, but if it is not done too abruptly the accompanying decline in prices will soon alter the commodity *balance* of trade in a favorable sense.

The readjustment will go on until the general balance of payments, with the cash transfers *included*, is restored to a relatively permanent equilibrium; that is, until the increased volume of transfers is taken care of primarily by the increased relative excess of commodity exports over imports, rather than by the surrender of additional foreign balances of Reichsbank. When this point is reached the Reichsbank's pressure on credit and prices can again be relaxed, and the depression will be definitely ended. But as long as the transfer operations continue, the entire machinery of German economic life will be conducted at somewhat lower levels of prices and money in-

[1] An increase in the volume of capital importation at this critical time, for example, would greatly relieve the immediate pressure.

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comes than would otherwise have prevailed. A subsequent return of general prices to the world level, for example, would alter the commodity balance of trade in an unfavorable direction, precipitate a new period of contraction and readjustment, and thus restore the lower level of prices.

This is, in bare outline and without certain essential qualifications, the process which may be worked out under favorable circumstances—circumstances which by no means exist at the present time. Before turning to these circumstances and qualifications, however, an earlier observation must be repeated. The reader is perhaps asking himself why the cash transfer problem should be made to seem so intricate, and why so elaborate a sequence of events should be necessary to accomplish the apparently rather simple object of making the transfers themselves. Why can the Agent General not go into the market like any one else, and merely buy up the exchange he needs?

The answer is twofold. In the first place, the probable size of the desired cash transfers in and after the fourth year, 1927–1928, will be so great that the ordinary machinery of exchange-market adjustment will not be adequate. The exhaustion of every ordinary resource will still leave the commercial supply of bills far smaller than the commercial demand *plus* the Agent General's needs. If the Agent General nevertheless persists, he will force up the exchange rates and perhaps revive the ominous threat of depreciation. The commercial supply of bills must therefore be increased relative to the commercial demand for them. In the second place, however, there is absolutely no reason why German industry and commerce and finance should of itself, without some such form of indirect compulsion as is exerted by general price changes, export a larger combined value of goods and services and capital than it imports; and still less reason why such a surplus, were it developed, should be of precisely the desired size. Left to themselves, the ordinary commercial operations of international trade and finance tend always to come out substantially in balance. To produce a surplus, the cash transfer operations must therefore be tied up in some way with the general course of

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German economic activity as a whole, and must be made to exercise a semi-mechanical effect of the desired sort. But it is too much to expect that the German people will allow an even temporary depression to be forced upon them without apparent necessity, simply in order to make the transfers possible. Their legal obligation ends with the making of payments to the Agent General. Fortunately for the Allied treasuries, however, the one way by which any large new supplies of foreign exchange can be secured at a given time—by buying up part of the foreign holdings of the Reichsbank—is also a way through which German industry and finance as a whole can be influenced. A fall in the Reichsbank's reserves will provide an obvious and sufficient reason for contracting credit, and thus bringing about price changes that will have a favorable effect upon the commodity balance of trade.

III

The process of adjustment outlined in the preceding section, to repeat, is one which it may be hoped will work out under favorable circumstances. But these circumstances do not exist at present, and it is by no means clear that they will exist in 1927-1928. The process depends for its success on a contraction in credit severe enough to force down prices somewhat, and thus to affect the commodity balance of trade. A definite though temporary depression in business will inevitably appear at the same time, and some falling-off in production. German prices, however, are already much below the general world level;[1] production is curtailed and inefficient; and the country is only just beginning to emerge from the severe depression that followed the stabilization of the currency in 1923 and 1924. To try to

[1] In March, 1926, the wholesale price index of the Federal Statistical Bureau of Germany was 118, and falling; that of England, 144, and that of the United States, 152. There is ground for thinking, however, that the German index is unrepresentatively low.

The data given by the Agent General in his *Report* for June 15, 1926, p. 46, indicate, however, that the British index is much nearer the German. In May, 1926, the average for Germany was 125, for Great Britain 129, and for the United States 143. These indices are compiled on a different basis than those given in the preceding paragraph.

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bring about a new contraction and depression under present conditions would be most ill-advised. Instead of stimulating the trade balance, the more probable result would be a paralysis of economic activity so great as to make the cash transfers entirely impossible.

In terms of the phases of the business cycle, Germany is just beginning to emerge from the bottom of the trough. Putting any severe pressure on private finance at the present time would simply force her back into the trough, and thus defeat the purpose of the whole undertaking. Before any large volume of cash transfers can be made safely, the general economic recovery now in process must be allowed to work itself out. It will be necessary to wait until prices have regained the world level, until production has been restored to a more normal volume, and until the private economic life of the country is on a far more prosperous scale than now prevails. It will be necessary to wait, in other words, until Germany is in the upward part of the business cycle; and preferably until she is fairly near the peak. At that time the credit facilities of the country will have begun to be strained, and the Reichsbank, as the ultimate source of credit, will be coming increasingly into control of the situation. A decline in the reserves against the Reichsbank's note circulation, brought about by the sale of part of its foreign holdings to the Agent General, will then be a far more serious matter than at an earlier point in the cycle; and a rise in the Bank's discount rates will be effective in compelling contraction throughout the country, whereas previously it would not have been. The desired decline in prices will then develop, and under favorable conditions the trade *balance* will turn upward. The absolute volume of exports may well fall off for a time, in consequence of the general temporary depression which credit contraction will induce, but imports will fall still farther. A continuous *relative* excess of exports will be created, and the resulting surplus of foreign bills can then be applied to the cash transfers in the manner already examined.

It is far from certain, however, just when this position will be reached. If Germany is well into the upward phase of the business cycle by the middle of 1927, then it will probably be

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safe to begin the large cash transfers that will be necessary in 1927–1928, by the fall of 1927. But it is at least likely that the country's recovery will not proceed so rapidly. In that case it will be necessary to postpone for a time the attempt to make substantial transfers, and to allow the payments to the Agent General to accumulate. By the middle of 1928, or perhaps a little earlier, the situation will probably have changed sufficiently to bring the Reichsbank once more into control. The inception of the desired transfers can then be made to set into motion the sequence of events already outlined. Indeed, the transfer operations will only serve to intensify, and perhaps to bring on a little sooner, the natural reversal in the movement of the general business cycle which by that time will have become inevitable in any event.

At the risk of irksome repetition, however, it must again be pointed out here that the effective making of cash transfers through the agency of the commodity balance of trade does not in the least depend on Germany's acquiring an *absolute* excess of commodity exports over imports, either before or during the transfer operations. It depends only on her acquiring a trade balance *more* favorable than would have existed in the absence of the transfer operations. Through 1924 and 1925, for example, Germany had a very large adverse trade balance, averaging around 2,500,000,000 marks a year. Since December, 1925, on the other hand, the balance has turned suddenly and heavily favorable.[1] This change is greeted by many as a definite proof that cash transfers can and will be made, but it has no such significance. The present excess of commodity exports is being currently offset by an equivalent debit balance among the other items in the balance of payments,[2] and will have to be permanently *increased* (these other items remaining

[1] There was a small excess of exports in December, 1925. For the first quarter of 1926 preliminary reports indicate that the excess of exports was 486,700,000 marks, and was growing steadily. This is at the rate of nearly 2,000,000,000 marks a year.

[2] Including in these debits certain current balances, such as those of the Reichsbank, that are being left abroad instead of being brought back to Germany.

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unchanged) if the trade balance is to be made the agency by which cash transfers are effected. The present position of the trade balance is very important with respect to Germany's internal economic life, for it indicates that her more pressing needs for reconstruction and rehabilitation have been largely met. It is only indirectly relevant, however, to the problem of the balance of payments and the cash transfers.

IV

To this point we have been concerned only with conditions inside of Germany. It has been shown that if the cash transfer operations can be tied up with the general structure and level of activity of German private finance, then under favorable circumstances the transfers can be made to influence the German price level and the German balance of trade in the desired direction. Unless this connection can be secured, there is no prospect that it will ever prove possible to make the transfers on a permanent basis without endangering the currency. The necessary connecting link is found in the Reichsbank's holdings of foreign balances and exchange, which are a part of the legal reserves against the note circulation. A pronounced reduction in these reserves, if accomplished at the correct time—if made when Germany is near the peak of the business cycle, and when credit conditions are therefore already beginning to be strained—will compel a contraction in credit and a decline in prices. The depression, however, will be temporary, and under favorable circumstances will produce a permanent *relative* excess of commodity exports; an excess, that is, relative to the position the trade balance would have occupied in the absence of the transfer operations. The relative export excess, in turn, will provide the desired surplus of foreign exchange, over and above ordinary commercial and private financial needs.

But this prospective sequence of events, to repeat, deals only with conditions inside of Germany. It is entirely possible that the inelasticity of foreign markets, and restrictions imposed by foreign tariff regulations, will prevent Germany from acquiring that new relative excess of exports which, it is to be hoped, the situation within her own borders will later seem to justify.

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Suppose that during the year 1927–1928 the Agent General and the Transfer Committee conclude that conditions are favorable for the inception of the cash transfer operations on a large scale. Suppose, in other words, that German prices are at about the world level, the volume of production is large, and the country is approaching a peak in the business cycle. In 1927–1928 the desired cash transfers will probably amount to at least 500,000,000 marks. The foreign holdings of the Reichsbank, which are growing steadily and which even now amount to nearly 750,000,000 marks, will presumably be more than adequate to take care of the needs of that year. 500,000,000 marks is a considerable fraction of the Reichsbank's total combined reserves, however, nearly 25 per cent of the present figure. To surrender that sum to the Agent General will quite certainly entail a marked contraction of credit if the surrender is made, as suggested above, in the upward phase of the business cycle. Suppose, for the sake of argument, that German prices then fell 10 per cent. Every conclusion of abstract theory indicates that this fall should stimulate commodity exportation, *relative* to importation. But it may well prove true that Germany's imports cannot be reduced substantially, because of her literally physical need for raw materials and foodstuffs; and it may prove that her exports cannot be increased substantially, because of the limited elasticity of the foreign demand for her products and because of foreign tariffs.

Should this turn out to be the case—should Germany, despite a contraction in credit and a decline in prices, be unable to build up a *relative* excess of exports—then it will be impossible to place the cash transfers on a permanent basis in the volume which will be necessary. Nor will the failure be Germany's fault: she will have done everything in her power to fulfill her moral as well as her legal obligations. It is, of course, difficult even to guess what the actual outcome will be, for the future movements of trade are unpredictable. But a reasonably optimistic view seems justified. If Germany consents to having her prices brought definitely below the world level, the odds will be all in her favor in the world competition. Markets for new exports will gradually open up for her, and she will be

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able to displace at least a part of her rivals' products in the markets she has already established. The remarkable expansion which has appeared in almost every branch of German exportation since the beginning of the present year shows clearly that the aggregate volume of exportation is far more elastic than recent writers have sometimes supposed.

If the desired export surplus falls off in later years, finally, a repetition of the procedure here outlined will tend to restore it, foreign market conditions again being assumed favorable. Over a period of years, therefore, Germany will have somewhat lower levels of prices and money incomes than would have prevailed in the absence of the cash transfer operations. This does not mean, however, that she will be appreciably less prosperous than other countries. She will lose to some extent with respect to the commodities she imports, for they will be relatively dear to her, but with respect to transactions inside her own borders, once the initial adjustment to the full volume of cash transfers is made, she will simply use fewer counters.

V

There is, finally, one other aspect of the cash transfer problem to which attention must be called. In all that has been said to this point it has been assumed that the actual foreign exchange operations involved in the making of transfers will consist in successive purchases, by the Agent General, of bills of exchange drawn and payable in *foreign* currencies. The supposition is a reasonable one, for much the largest part of Germany's foreign transactions is financed in terms of foreign currencies rather than of marks. The market for mark bills in foreign centers is therefore small. To some extent, however, it will at least be *possible* to make the transfers by drawing mark bills, and selling them in foreign countries.

In so far as this is done, the intermediary results of the cash transfer operations will be different from those hitherto considered, although the final outcome will be the same. The new supply of mark bills in the foreign country, say England, will not be accompanied by any corresponding immediate increase in demand. The bills will therefore be discounted with the

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banks, or may indeed be bought directly by them from the drawing agent. The sums paid for the bills by the banks, whether in the form of cash or of deposit accounts, will constitute for the time being a net addition to the volume of purchasing power in circulation in the country. Now if this increase is on a sufficiently large scale, and comes at a well-planned time—in the upward phase of the business cycle—it will have a stimulating effect upon general prices. This in turn will influence the commodity balance of trade in an unfavorable sense, and will thus increase the demand for bills payable abroad. It will then be possible for the banks to work off the excess supply of mark bills they had previously bought (or of mark balances, if the bills have matured). If the increased supply of mark bills is steadily maintained, the result over a period of time will be to move the average of English prices to somewhat higher levels at each point than they would otherwise have reached, and to make the balance of trade more unfavorable than it would otherwise have been. For the Allied countries as a whole, the cash transfers would then be effectively received in the form of a relative increase in commodity imports. This increase would in turn produce, through the tortuous channels of international trade, a roughly corresponding relative increase in German exportation, through not necessarily in exportation to the Allied countries themselves.

This method of effecting transfers would evidently be more attractive to Germany, in the first instance, than the method of payment by the purchase of foreign bills. A rise in Allied prices would take place instead of a fall in German prices, and the temporary depression in Germany would be avoided. Unfortunately, however, it is most unlikely that the method will prove important. In the first place, as already remarked, the foreign market for German bills is small. Current international practice and money-market conditions would have to be altered considerably to make possible the absorption of any large volume of mark bills. In the second place, even if these alterations were brought about, the size of the probable annual receipts in cash by any one Allied country is too small to make it in the least likely that they will produce important changes

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in the general level of prices. Yet unless such changes take place and influence the trade balances of the countries concerned, it will be impossible to sell mark bills continuously on Reparations account. They will simply accumulate for a time in the banks' portfolios—a process on which there are definite limitations—and then further sales will cease.

VI

The general conclusions to which the various parts of the foregoing discussion lead are as follows.

First, an important fraction of the Reparations annuities can be transferred to the Allies in the form of deliveries in kind and services received in Germany, but in and after the year 1927–1928 large cash transfers will in all likelihood also have to be made if the scheduled annuities are actually to reach the Allies. The forms of transfer other than cash will probably account at best for something less than half of the standard annuity of 2,500,000,000 marks.

Second, if large cash transfers are to be made without endangering the German currency, and if they are to be made continuously, Germany must secure a corresponding surplus of credits in the international financial account. If she does not, the attempt to make transfers will simply force up the exchanges, and thereby perhaps depreciate the currency. To secure this surplus of credits, the German commodity balance of trade must be made more favorable than it would have been in the absence of the transfer operations, and by an amount substantially equal to the desired transfers. The other classes of items in the German balance of international payments do not offer any clear prospect of providing *permanent* surpluses of sufficient size.

Third, if the trade balance is to be altered at the time and to the extent which the cash transfers will require, the transfer operations themselves must be tied up in some sort of semi-mechanical fashion with the general structure of German finance and commerce and industry. They must be made to exert a depressing effect upon German prices, great enough to make the trade balance more favorable but not so great as to

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paralyze economic activity. This connecting link can be found in the Reichsbank's holdings of foreign exchange and foreign balances, which are also the only source from which the Agent General can secure any large supply of bills on short notice without imperilling the exchanges and the currency. For perhaps the greatest part of the transfers in 1927–1928, therefore, and for most of the much larger volume probably necessary in the first standard year, 1928–1929, the Agent General will have to fall back upon the coöperation of the Reichsbank; a coöperation which ultimate self-interest will make it willing to give. The Reichsbank, that is, must sell to the Agent General whatever part of its foreign holdings proves necessary, without requiring any substantial increase in the price paid for them. Under favorable conditions a marked contraction in these holdings, which are a part of the legal reserves against the Reichsbank's note circulation, will compel a corresponding contraction in credit and in the note circulation itself, and will thus compass the desired fall in prices. This fall, again granted favorable conditions, will in turn make the trade *balance* more favorable. Exports may decline somewhat in absolute terms, but imports will decline still more. If the resulting surplus of bills of exchange is at first not great enough, further purchases of the Reichsbank's foreign holdings by the Agent General will produce a further contraction, and will increase the relative size of the favorable trade balance. Once a comparatively stable equilibrium is finally reached in the balance of international payments—once the transfers have worked up to their full standard volume, and have produced a corresponding change in the commodity balance of trade—further interference will be unnecessary. The initial depression will disappear, and business activity will revive. German prices and money incomes will be permanently lower than they would otherwise have been, and the trade balance will be more favorable, but after the depression is overcome no other important change will appear.

Fourth, however, the success of the whole effort to set the process of making large and continuous cash transfers in motion will depend very largely upon a judicious selection of the time at which it is begun. The inception of transfer operations on

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a large scale must be combined with the "normal" movements of the German business cycle. If Germany is still in the trough of the cycle at the time chosen, the new pressure will simply throw her further back, without producing any of the desired results. It will be necessary to wait until the country is in the upward phase of the cycle, and preferably until fairly near the peak. At that time, with credit facilities already somewhat strained, a loss of reserves will have its maximum influence, and the control of the Reichsbank will be most effective. This situation may develop at the end of 1927, when large cash transfers are scheduled to begin, but it may well take longer. In that event the transfer operations will have to be postponed.

Finally, even if conditions in Germany work out in the most favorable way, it is entirely possible that the inelasticity of the foreign demand for her products, foreign tariff restrictions, and Germany's own need of imported raw materials and foodstuffs may combine to prevent any further substantial and enduring increase in exports *relative* to imports. The attempt to make large and continuous cash transfers will then necessarily fail. But if Germany's prices are kept below the world average, the odds will be all in her favor. Various other unforeseen contingencies may also arise, of course, and may interfere with the making of payments, but an optimistic view of the general prospects seems to be warranted. The burden which the Reparations obligations as now constituted will place upon Germany is not exorbitantly large. If she is given a reasonable length of time in which to complete the process of internal recovery now under way, perhaps a little more time than the Dawes plan schedules contemplate, she can almost certainly carry the burden successfully.

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THE SOCIAL THEORY OF FISCAL SCIENCE II

V. *The Private and the Public Groups*

IN the preceding half[1] of this essay we have studied the nature of common wants, the characteristics of the social groups which satisfy these common wants, and the relation between the individual and the group. We now proceed to discuss the various categories of groups. Many of these groups are private associations, formed to satisfy all manner of common wants. They are of two kinds, according as the individual associates himself with one other individual or with several other individuals. Of the first class, the most important example nowadays is the marriage group, composed under our system of monogamy of only two individuals, man and wife. This group is formed primarily for the satisfaction of the mutual sexual wants, although there soon grows out of this connection a whole leafage of other and more spiritual characteristics of the common wedded life. These characteristics gradually transform both partners and create not only the real joys, but the transcendent social and individual benefits, of the marriage relation.

While the marriage group is limited to the association of the single individual with one other, the great mass of common wants depend for their satisfaction upon the association of the single individual with several others. There are countless varieties of such common wants. They may conveniently be classified into at least seven categories. First come the numerous common wants satisfied by the social groups in the narrower sense of the term—such as clubs of all kinds, fraternities, lodges and chapters. Distinguished perhaps from these are the more specific groups designed to satisfy the recreational wants. Typical of these are the glee club, the athletic team, the musical band or chorus, or even the street gang.

[1] POLITICAL SCIENCE QUARTERLY, March, 1926, pp. 193-218.

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Another category is illustrated, in countries where there is no standing army or compulsory service, by the military groups such as the cavalry troop, the infantry squad, or the battery of artillery. More widespread are the vocational groups, such as the trade union, the guild, the shop craft and the agricultural grange. Most numerous of all are the business groups, such as the ordinary partnership, the corporation and all the more intricate groups such as trusts, syndicates, and the like. Quite universal under modern conditions are the factional groups, represented by the parties, the blocs and the unions. Finally we note the religious groups, perhaps the oldest of all, represented in modern times by the church, the sect, the monastic order, and the brotherhood.

As over against all these groups is to be put the organization known as the state. This appears in various forms: national, sub-national, and supra-national. The sub-national organizations are represented by the various forms of local government like the county, the town or the village; the super-national organization is typified by the federation or the league. Groups in the first category discussed above are commonly called private groups; the second category represented by the various forms of political organization is usually termed the public group.

The concept of public group carries in its train that of public wants. Just as we have seen that a separate want becomes a common want when it is satisfied by the joint efforts of the group, so the private common wants satisfied by private groups become public common wants (or more concisely public wants) when they are satisfied by the public group or state. Moreover, just as the separate wants, as we have seen, change into common wants, and *vice versâ*, so private common wants change into public wants, and *vice versâ*. The need for railway transportation is a common want, since no one individual can constitute a railway organization, even though he may own it. If the state purchases and manages the railway, what was a private common want now becomes a public want, because it is satisfied by the public group. But if the government should permit the railway to revert to private hands, the public want is

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again transformed into a private common want. As in the case of the distinction between separate and common wants, i. e., between the individual wants of a separate nature, and those of a common character, so here the distinction between common wants of a private nature and those of a public character depends entirely on the medium through which the want is satisfied. When the want is satisfied by the public group, we are dealing with public wants. The chief public wants, historically almost exclusive and even to-day to a preponderant extent, are those of protection to life, liberty and property, and of the provision of justice. The miscellaneous wants, subsumed under the name of the common welfare, are of a later development. These satisfactions appear in the form of services or commodities, which constitute the wherewithal of economic activity known as economic goods. We thus reach the concept of public goods designed to satisfy the public wants of the individual. Public wants, public activities and public goods are therefore to be contrasted with private wants, private activities and private goods.

Just as the substance of a former section of this essay was put in the shape of a table (p. 203) so the substance of this section can be put into the following table:

	How conditioned	Nature of want	Designation of Group
Group — Private	With one other	Sexual	Marriage
	With several others	Social	—Club, fraternity, lodge, chapter
		Recreational	—Team, band, gang, chorus
		Military	—Squad, troop, battery
		Vocational	—Union, guild, grange, craft
		Business	—Partnership, corporation, syndicate
		Factional	—Party, bloc, union
		Religious	—Sect, order, brotherhood, church
Public	With all others	Protection	Life, Property, Liberty — Political Organization i. e. State, federation, league
		Justice	
		Common welfare	

The wants satisfied by the political organization are often called the collective wants, in contradistinction to the individ-

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ual wants. This is a practice which has become almost universal as the result of the German and Italian teachings. In Germany the distinction dates back to the time of Hermann, although later it was more elaborately developed by Sax, and subsequently accepted by minor writers. In Italy the distinction was worked out by Mazzola and others.[1]

This procedure is doubly erroneous. In the first place, all common wants are collective wants, in that they can be satisfied only by a collection or association of individuals. Every group, private or public, is collective or joint: a golf club is just as collective as the state. It is therefore inexact to identify collective with public wants. The first half of the alleged contrast of collective with individual wants is defective.

In the second place, collective wants, whether public or private, cannot be contrasted with individual wants. For the collective wants are, after all, wants experienced by the individuals that constitute the group. The real contrast, as we have learned above, is between the separate wants of the individual and his common wants.

We can therefore not contrast collective with individual wants; but must first classify individual wants into separate, reciprocal and collective wants, and then further classify collective wants into private and public wants, according as they are satisfied by private or by public groups.

But here again, as we noted above, the emphasis is to be put not so much on the distinction between wants, based on their original psychological character, as on the distinction that flows from the means of satisfying the wants. The real problem is the distinction between the private groups and the public groups, that are utilized in order to satisfy the so-called common wants of the individual. In other words, we come to the question as to the chief points of difference between the private group and the public group that we call the state. This has never received adequate attention.

[1] See the references, *supra*, p. 194.

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VI. *The Specific Characteristics of the Public Group*

The first difference between the public and the private groups is to be found in the relative importance of the wants satisfied. The public group satisfies by far the more fundamental wants; and when the distinctions in degree are so important, they become, as Hegel has taught us, distinctions in kind. Radical changes in quantity are tantamount to changes in quality.

When we speak of fundamental wants it must be remembered that we are referring to common wants, not to separate wants. The most fundamental wants of the individual are, of course, his bodily wants for food, clothing and shelter. But what is here in question is not a comparison of common with separate wants, but a comparison as among various kinds of common wants. It is indubitable that the need of protection is the most fundamental of all these common wants. If it be objected that the sexual needs are still more important, the obvious answer is that however necessary the satisfaction of the sexual wants may be to a continuing society, the same cannot be predicated of the individual as such. The individual can be continent; but he cannot exist if his life is not protected. Since the individual is unable to protect himself against all comers, he satisfies his need of protection through the political organization.

With the development of private ownership, the protection of property becomes scarcely less fundamental than that of life. In fact we now know that this was the real reason for the creation of the state. The protection of the life of the individual was fairly well secured by the pre-political social organization known as the clan or tribe. But private property needed a wider and more solid basis for its defence; and it was to afford this that the state was called into being. With the passage of time other fundamental common needs developed. The story of the evolution of these common wants is the history of the transition in the functions of the state; but cannot be considered in this place.

The point to be emphasized here is the fundamental character of these common wants of protection of life, property and liberty. Compared to them, all the other common wants satis-

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fied by the private groups are of relatively minor importance. The social, the recreational, the vocational groups are insignificant by comparison. And even the business groups are of little consequence, if there is no assurance of protection for the results of the business activity. Only one of the private groups can really be compared in importance with the public groups. The religious wants of the individual have played a great rôle in history, and at some periods the spiritual needs of the individual have been considered equal, or even superior, to his temporal needs. In such a case, as in the early theocracies, the state is swallowed up in the church; and even in the early Middle Ages, the church becomes the equal, or the superior, of the state. Under such circumstances the penalties of excommunication are more dreaded than any civil punishment. In modern times, however, with the gradual weakening of theological ties, there can no longer be any question as to the more fundamental character of the political, as over against the religious, wants of the individual: as a token of this, the church is everywhere subordinate to the state.

What is true of the subordination of religious needs is even more true of the other existing common wants. This is clearly realized by the average individual. Even if it were a matter of choice, it is scarcely open to doubt that the great majority of persons would prefer to renounce their private associations rather than their connection with the state. In the one case, they might lose comfort or happiness; in the other, they would be subject to the possible loss of life or of livelihood. The first characteristic therefore of the public group is its fundamentalism, i. e., the fundamental character of the wants satisfied by the group.

The second characteristic of the public group is its universalism, or all-embracing character within a definite geographic area. The private groups imply, as we have seen, association only with one other person, as in the marriage group, or with several other persons, as in the ordinary associations. These several persons may indeed vary from a very small to a very large section of the community. But whether we count the membership by tens or by millions, the salient fact remains

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that the private group never comprises all the members in the community. There will always be some individuals who, for one reason or other, prefer not to belong to the group in question.

The public group, on the other hand, includes all the members in the given community. It deals not with a section or a portion, but with the whole. Its characteristic is totality or universality. There is, indeed, in rare instances such a phenomenon as a man without a country. This curious and highly exceptional fact is referable to the clash between American and foreign law. In Germany there exist, e. g., a few so-called "stateless individuals". On closer inspection, however, the "statelessness" will be found to consist in the withdrawal of privileges, rather than in the absence of obligations. Similarly, under the new immigration laws of the United States an embarrassing situation may arise in the case of a foreign wife of an American citizen, in the interval between the loss of citizenship in the foreign country and the acquisition of citizenship in the new domicile. But these trivial exceptions apart, the rule holds good that the public group comprises all the members of the community. This does not, of course, preclude the possibility either of some members of the public group living abroad, or of members of some other state residing within the community. But although foreigners and non-resident citizens may engender special problems, they do not contradict the criterion of universalism, as the characteristic of the public group. The private group includes some; the public group comprises all.

Universalism is really the product of fundamentalism. The less fundamental the common wants, the greater will be the number of those who do not experience the particular wants of a subordinate character. Not every one wants to belong to a golf club; not every one cares to join a business corporation. But the fundamental want of protection against the internal or external foe grips every one in the community. The public group may, of course, also satisfy non-fundamental or subordinate wants. The distinction, however, is that while the public group *may* satisfy subordinate common wants, the private group *must* satisfy subordinate common wants, and such wants alone.

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Or, putting it in another way, the private group cannot, under modern conditions, satisfy the fundamental common wants which the public group is by its very nature intended and qualified to satisfy. Since the fundamental wants are those common to all, in contradistinction to the subordinate or incidental wants which are felt only by some, it follows that fundamentalism leads to universalism.

The third characteristic of the public group is compulsion—the joint product of fundamentalism and universalism. The essential features of this compulsion have, however, never received an adequate analysis.

When private groups are contrasted with the public group or the state, and when it is said that the former are voluntary and that the latter is coercive, it is generally intended to show that the member of a private group may act as he likes, but that the member of the state must obey directions. In this sense, however, the line between the private and the public groups is by no means so definite as is frequently assumed. Even in the private group there are all degrees of compulsion involved. In a social club, a member must pay his dues, or be dropped. In a business corporation the stockholder must pay the assessment, or lose his interest in the corporation. Accordingly, so far as concerns the conditions involved in the exercise of membership, there is often no distinction between the private and the public groups. There is even in private groups frequently nothing of a voluntary character in these conditions. The coercive or coactive quality in such cases applies to the conditions of the exercise of membership, that is to the nature of the association.

The contrast between volition and compulsion must therefore be sought elsewhere than in conditions affecting the exercise of membership. Obviously the only other possible application of the contrast resides in the fact, rather than the exercise, of membership. From this point of view, if an individual is at liberty to join and to leave the group, membership is voluntary; otherwise it is compulsory. What are the relevant differences here between private and public groups?

There are two parts to this problem—that of joining and that of leaving, that of making and that of severing the connection with the group. Let us consider them separately.

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So far as joining the public group is concerned, it might be claimed that there is nothing compulsory in membership. The child is born into the state; he is not compelled to join: the adult immigrant foreigner may freely choose to become an American; he is not compelled to do so. This reasoning, however, is defective. If the child is born into the state, there is nothing voluntary about it; the connection is automatic and involuntary. As to the adult immigrant, while he is indeed not compelled to choose American citizenship, the important fact is that he must choose some country to which he attaches himself. The choice with him is that of membership in a particular state; it is not the choice of state membership. He does not need to belong to a private group; he must belong to some public group. In this sense membership is compulsory.

But if it is true that joining a public group (even if not necessarily *the* public group) is compulsory, is it true that joining a private group is voluntary? Here again there has been much misconception. In many cases, of course, it is entirely free to an individual to join a private association. But are there not private groups where this voluntary character becomes so slight as almost to disappear? Are there not all kinds of social pressure and social disapprobation which virtually force individuals to join certain private groups? Take as an example the groups formed in the United States during the Great War to dispose of the Liberty Loans. Was it practically possible for any business man to refuse to join, even if he felt so inclined? And, to select an example under peace conditions, has it not frequently been the case that no one could refuse to join the religious group without becoming an outcast? Is the same not true of certain parts of this country even to-day? The joining a private group is therefore by no means always purely voluntary: the degrees of social pressure and social disapprobation may vary from very little to what in practice means compulsion. So far as the compulsion to join the assotion is concerned, there is accordingly no clear line of demarcation between the private and the public group.

When, however, we come to the other side of the question the situation is different. To sever or to dissolve one's connection

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with a group is not always on all fours with joining the group. In the case of the state, indeed, the act of severance is just as involuntary as the act of joining. Once a state member, always a state member. This does not mean that the individual is inhibited from changing his citizenship. But although he may abandon one state in order to join another, he cannot do the former without the latter. He cannot sever his membership in the public group as such, but only in a particular public group, and then only on condition of at once affiliating himself with another public group. In this sense, membership in the public group cannot be dissolved. The essential element of compulsion, therefore, resides in the indissolubility of membership.

In the private group, on the other hand, the individual is free to go when he chooses. There is no compulsion upon his remaining a member. And even in the cases mentioned above, of compulsion to join certain private groups, the compulsion to remain is not necessarily so pronounced as the obligation to join. The difference is seen in the conditions that may be attached to continuance in the group. In the public group, the individual, if called upon, as in military conscription, to give up his life, cannot refuse. But in the private group, even social disapprobation will ordinarily weigh less than the love of life itself; and if the final test comes, the individual will prefer to risk the former rather than to lose the latter. In this sense then, membership in a private group is dissoluble; membership in the public group indissoluble.

Instead of speaking of compulsion, therefore, we should really speak of indissolubility. This constitutes the essential element in the distinction between private and public groups. As between private and public groups there is, as we have seen, no difference in the compulsion attaching to the conditions of membership and no difference in the compulsion to join the group. The sole difference resides in the compulsion to remain in the group. It is not that the private groups are voluntary and the public groups compulsory. It is rather that the private groups are dissoluble and the public group indissoluble. Indissolubility rather than compulsion, or compulsion in the sense of indissolubility, is the correct criterion of distinction.

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If, then, the public group is characterized by compulsion in all three of its aspects—compulsory action, compulsory origin and indissolubility—in contradistinction to the private groups which are compulsory only in part, if at all, the final question is as to the origin and reason of such compulsion.

It is clear that an important rôle in the explanation is played by the fact of universality. In the private groups, which are partial rather than universal, there is always room on the outside for the dissenters. The group is comprised of those who desire to participate in the advantages of group action: if any member differs with his fellows, he will sink the difference in his recognition of the balance of advantages resulting from membership, and conform his action willingly or grudgingly to that of the majority; or if he proves to be intractable, and considers the matter sufficiently serious, he will sever his connection with the group. The group is always composed of those who are on the whole homogeneous and like-minded. The differently minded will remain outside of the group.

The smaller the group, the greater is apt to be the homogeneity. With every additional member, given the ineradicable disparities in temperament, whether original or acquired, the number and the range of possible differences of opinion will increase. When the group is called upon to take action with reference to matters alien to the purpose of its original association, the disagreements are bound to become vastly more pronounced. Finally, when the group is brought together involuntarily, the reluctance of the individual to surrender his cherished convictions will become extreme.

In the public group we have all these embarrassments. There is no place outside the group for the otherwise-minded; the group is universal, not partial in character. Inevitably, therefore, provision must be made for those who are in particular respects otherwise-minded. A modern and generous state will recognize the rights of the minority; but this recognition can, in any event, go only up to a certain point. It is a delicate question as to how far a pacifist, e. g., should be exempted from military duty. But it is abundantly clear that an individual citizen who disagrees with the majority as to the need of a

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dreadnought can not be permitted to translate this aversion into a refusal to pay taxes. The special interests of each individual cannot be permitted to submerge the common interests of the majority. If an individual who is indissolubly bound to a membership in the whole does not desire to act in accordance with the will of the constituted authorities, he must be made to do so. Unity of action is imperative. In a state without coercive powers, the centrifugal forces would soon spell disorder and inefficiency. Compulsion is the result of universalism.

But, as we have seen, universalism itself is the product of fundamentalism. The reason why everyone is taken into the public group is because of the fundamental needs that are common to all. However much special interests may come to the foreground in more or less unessential matters, everyone is ready to recognize the necessity of joining with his fellows in the satisfaction of fundamental common wants that can otherwise not be met. Every one may have a different opinion as to how to secure comfort or wealth; but no one will differ from his neighbor as to need of protection of life or of property. Thus fundamentalism engenders universalism, and universalism creates indissolubility. Compulsion is the result of anterior and more significant elements.

Fundamentalism, universality and compulsion are therefore the three positive characteristics of the public group. But there still remain three additional characteristics, which represent differences in degree, rather than in kind.

Of these, one is what may be called non-reciprocity, or the absence of any reciprocal relation between the individual and the group. In order to grasp this, we must revert to our preceding analysis, covering the distinction between reciprocal and common wants. When the wants of the individuals which can be satisfied only with the aid of others are different, the wants, as we have seen, are reciprocal, the action is complementary, and the means of satisfaction are provided through exchange. When the wants of the individual are identical with those of others who help to satisfy them, the wants are common, the action is joint, and the means of satisfaction are provided through associated groups. The conclusion from this is that

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the give-and-take relationship, which is of the very essence of exchange, is inapplicable not only to the public group, but to the private groups as well.

The individual can of course have reciprocal relations with the group, but not as a group member. A member of a private club may be a coal dealer and sell coal to the club. But in that case he is acting as an outsider, and the phenomenon is one of exchange. Even if he makes a reduction in the price because of his membership in the club, this does not affect the essence of the transaction: his action then is one compounded of the outsider and the member, in which the former predominates. There is almost always in such cases a clash between the special interest of the individual and his common interests which he shares with the others. In the one case he is apt to emphasize his rights, in the other his obligations. It is precisely because of the clash in principle between reciprocal and common interests that the situation becomes so delicate. A finely attuned director of a corporation, will for instance, refrain from selling his products to the corporation. So great have been the temptations and the abuses, that the American government has been compelled by the law of 1914 to prohibit any such clash between reciprocal and common interests. It is of the very essence of the joint action designed to satisfy all common wants, through either private or public groups, that there should be a complex of obligations which cannot be reduced to the give-and-take formula. Reciprocal wants differ in this respect from common wants.

There is, however, a sense in which a certain kind of reciprocity may be predicated also of group action, at least in part. In the satisfaction of common wants there can indeed, as we have just seen, never be reciprocity as between any two or more members of the group. Their relations are joint, not reciprocal. But when we conceive of the action of the group as a whole, rather than of the individuals that compose the group, it is possible to speak of reciprocity between the individual and the group. If I join a golf club, it is not so much with the club, as with the individuals that form the club, that I have relations. I indeed pay my dues to the club treasurer,

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but I play golf with the individual members. There is little if any reciprocity between me and the club.

On the other hand, if I buy a cigar from the club steward or pay a greens fee I have direct relations of a reciprocal nature with the club. And as we have seen above (p. 217), these prices paid for services rendered may actually exceed the annual dues in amount. It is none the less true, however, that the sphere of reciprocity is restricted to the incidental and subordinate purposes of group life. In the primary and essential functions the chief characteristic is non-reciprocity.

In the public group, the sphere of reciprocity is far more limited than in the private group. Although the state may carry on business enterprises and sell the products or services to the individual; although the state may do particular things for the citizen or confer upon him special privileges for which fees and charges will willingly be paid, the total of such payments constitutes for the individual only an insignificant fraction of what is exacted from him compulsorily. And what is true of the aggregate of payments applies in still greater measure to the character of the payments. In a private group it is sometimes difficult to distinguish between the primary and secondary purposes: in the public group the contrast is most pronounced. In a golf club the difference between enjoyment of the clubhouse and of the dinner in the clubhouse is not very great; but no one will compare the desirability of, let us say, a government telephone with the necessity of an army or a judicial system. It is clear then that in all the essential, basic and overwhelmingly major manifestations of political action there is no room for any kind of reciprocity. In the protection of life, of property, of liberty; in the exercise of justice, in the control of education, and in the provision for general prosperity, it is never the question of concern for any particular individual. What is alone of importance is the public purpose and the common welfare. The fundamental nature of the common wants completely submerges considerations of the special or separate interests of the individual. Whatever advantages accrue to the individual from the army, the police, the courts, or the school, accrue to him incidentally as a member of the

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group; and, conversely, the fact that through the government activity the particular individual may be injured in his feelings, his property or his associations will not in the least absolve him from his common obligations. Under such conditions we cannot speak of reciprocity at all. Compared with these transcendent manifestations of political action, the sphere of reciprocity dwindles to a well-nigh inappreciable quantity. The first of the differences in degree between public and private groups, therefore, consists of non-reciprocity.

The second of the differences in degree, manifested by the public group, is indivisibility. By this is meant the impossibility of separating the advantages accruing to the individual. Indivisibility is a correlative of non-reciprocity. In exchange relations, there is always a definite or separately referable advantage. If I buy a commodity, I am prepared to make a sacrifice in terms of money or effort, for the pleasure or advantage which I expect to derive from its use or consumption. Most of the utilities which are the subject of exchange in economic life are divisible in their nature. This is inherent in the idea of separate wants.

In the case of group action, the realm of divisibility of benefits, is from the very nature of the case, more restricted. The mere fact of joint effort normally results in such indivisible common enjoyment. In a glee club, it would not be easy to apportion to each member his separate share in the pleasure. But just as there are kinds of private groups or conditions of their activity which involve a species of reciprocity, so there are, in similar cases, not infrequently opportunities to apportion the separate advantage. If a cooperative group of farmers markets the crop successfully there will be a definite part of the profits accruing to each member. If a group of parents opens a private school, the advantage derived by each set of parents can, although with more difficulty, be segregated in terms of the number or needs of their respective children. Indivisibility of advantages is in many private groups present, to some degree at least.

In fact this divisibility is responsible for the real distinction between participation and membership in a group. Etymologi-

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cally, a participant is a partner or a sharer, i. e. one who has a definite part or share; while in the original biological sense a member is an inseparable organ of the body. If the advantages are divisible, each participant gets his share, and if only enough individuals join in order to accomplish the result, the smaller the number of participants, the larger the part or share of each. This would be true, e. g., of a robber band.

Where, however, the advantages are indivisible, the contrary is a fact. Up to a certain extent at least, the greater the number of group members, the larger the incidental satisfactions of each. The greater the membership of such an association, the more pronounced will be its powers and activities, and the more important the sense of membership. Invisible shares result in true membership.

In the public group, however, this divisibility is reduced to the lowest terms, largely for the reason that most of the public activities deal with phenomena of so tenuous a nature that separation or division is scarcely possible. How can a particular citizen ascribe to himself a definite advantage, separate from that of his fellow citizens, in the contemplation of a new man-of-war? In what terms of particular advantage to the individual (apart from the actual litigants) can we express the result of the latest decision of the Supreme Court? To the extent that we are dealing with the fundamental public activities, therefore, the realm of divisibility of advantages continually shrinks. Indivisibility is the characteristic feature of the great mass of public activities. The distinction is referable not so much to the inherent character of private and public groups, as to the kind of satisfactions provided by them. Putting it more accurately, it may be said that the distinction between private and public groups consists in the last instance in the nature of the wants to be satisfied. In some instances, indeed, the same want may be satisfied by either a private or a public group; in the great preponderance of cases the wants which must be satisfied by the public group, because of the impossibility or the incompetence of the private group, are those which strike at the very root of social existence or of life itself. Indivisibility, like non-reciprocity, is the product of fundamentalism.

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The third of the differences in degree in the public group is immeasurability or imponderability. Where the advantage is indivisible or, in other words, where there is no separate advantage accruing to the individual, there is of course nothing to measure or to weigh. But even where the fundamental public activities result in incidental advantages to the individual, they are for the most part incapable of being accurately weighed or measured. The fact of separable incidental advantage is sometimes possible; the precise quantum or degree of the advantage is far less feasible to ascertain. How can we measure the exact advantage of police protection to the individual? Shall we say that it varies with property? But does the poor man value his life any less than the rich man? Is the case any better when we speak of protection to property rather than to person? Does the rich man value such protection more than the poor man, because he has more property; or does he value it less, because he can afford to hire private guards and therefore needs the public protection less? How can we measure the benefit of public golf links to one who plays no golf? How can we measure the benefit of the public school to the childless parent or the bachelor? And if we could measure the precise relative advantages, of what use would it be? Would it avail in helping to acquit the recipient of the smaller amount of advantage from his obligations to support the state? Can the bachelor claim to have the school taxes remitted? It is clear, therefore, that so far as the fundamental public activities are concerned, we may predicate the fact of immeasurability or imponderability.

Summing up what has been said, we now realize the inadequacy of the ordinary uncritical statement as to the distinction between the private and the public group. We have, in fact, found that there are no less than six points of difference—three of kind, three of degree. The differences in kind are fundamentalism, universality and compulsion in the sense of indissolubility; the differences in degree are non-reciprocity, indivisibility and immeasurability. The consequences, as we shall see, are of profound import. But it is these differences which accentuate the significance of the public group and which lend point to the fine assertion of Croce that the state not only unites

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isolated individuals for offense and defense, but also "forms the profound moral aspiration of the individuals who recognize the universal in themselves, and are attentive to realize it in modes ever more rich and more lofty."[1]

VII. *Quasi-public Elements in the Public Groups*

In the preceding analysis we have reached the concepts of public wants, public activities and public goods. There remain the questions as to the compelling nature of these public wants and the degree to which it may be desirable to satisfy them. The answers to these questions involve subtle problems of political philosophy and of administration. So far, however, as relates to their fiscal aspects, with which alone we are concerned, the problems become those of public expenditure and of public revenues.

In considering public expenditures we must ask first what are the proper activities for which the expenditure is to be incurred, and what is the appropriate fiscal principle involved. With neither of these problems is there room to deal here. We must content ourselves with a few bare assertions, to be elaborated elsewhere. Far from adequate are the common statements that the criterion of evolution in public expenditures is to be sought in the supplanting of the repressive by the preventive principle, or that the government should do what private groups cannot, will not, or ought not to do. A more satisfactory avenue of approach is to be found in the preceding analysis. The desirability of the extension of state functions depends primarily upon the facts of fundamentalism and of universality. To the extent that the activity in question is recognized by the prevalent public opinion as of really fundamental importance to the entire community rather than of relatively minor consequence to all or of importance to only a part of the community, the argument for government assump-

[1] Benedetto Croce, *Riduzione della filosofia del diritto alla filosofia dell' economia. Memoria letta all'Academia Pontaniana Graberza* (Bari, 1907), p. 15. This is reprinted in his *Filosofia della practica economica ed etica* (1909). The passage is found in the English version, *Philosophy of the Practical, Economic and Ethic,* tr. by d'Ainslie (London, 1913), p. 529.

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tion of the activity in question is strengthened. If for these reasons the government decides to undertake the new function, the further criterion of compulsion leads to the demand for government monopoly in preference to competition with private enterprise. Furthermore, while the controversy as to the extension of state functions has nowadays to deal chiefly with those forms of activity which admit of reciprocity, divisibility and measurability, not the least compelling of the arguments in favor of government ownership consists precisely in the possibility of modifying the fiscal principle by considerations of non-reciprocity, indivisibility and immeasurability. The elaboration of this argument must be left for another time and place. The point, however, which we desire to emphasize here is that in approaching the problem of expenditure we are properly contrasting public with private activities and that the decision as to the limit of public activities hinges upon the criteria pertinent to this contrast.

What hitherto has been overlooked by virtually all thinkers, however, is that in dealing with public revenues, or the means of enabling the political organization to satisfy public wants, the distinction between public and private activities is inappropriate and that it is therefore erroneous to speak, as well-nigh every writer hitherto has done, of the quasi-private revenues of the state. Let us try to make this plain.

In contrasting public with private expenditures we are comparing the expenditure of the public group as a whole with that of either private individuals or private groups. When the government sells tobacco, we compare its activity with that of either the individual trader or the tobacco company. The contrast is not between groups and individuals, but between the public enterprise and the private business, whether individual or group. The essential contrast is that of private *versus* public activity, not of individual *versus* group activity. For there are private individuals, as well as private groups. The fundamental question is whether the industry should be carried on by the state or by private enterprise, i. e., whether the expenditures as a whole should be incurred by a public group, contrasted with either a private individual or a private group. The distinction between public and private expenditure is legitimate.

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On the other hand, in considering the revenue side of the problem, we are not contrasting public with private revenues. All of the revenues of the state are revenues of the public group, i. e., in the large sense public revenues. The problem in the so-called quasi-private revenues is as to the nature of the particular revenues secured by the state for a special category of activities. In considering these activities and the corresponding revenues, we are not contrasting the public with the private activities; for precisely the same question arises within the private group itself. To speak of the quasi-private revenues of the public group, in the belief that we are contrasting the public group with private groups, is a confusion of thought. The real point at issue is something that is common to both public and private groups. Those [1] who speak of the quasi-private revenues and activities of the public group, quite forget that there are private groups as well as private individuals; and that what they are trying to elucidate is not the contrast of public with private or semi-private activity, but the contrast of certain actions of all groups, public and private alike, with other actions of the same groups, public and private alike.

To make this clear, let us revert for a moment to the preceding analysis. We found that in the case of the so-called plural activities—that is of more than one individual—there are complementary activities of the individual as well as joint activities, and that these complementary actions manifest themselves in exchange. We found, furthermore, that as over against those exchange groups designed to satisfy reciprocal wants there exist cooperative or joint groups designed to satisfy the common or mutual wants. We found, finally, that these last-mentioned groups, in addition to fulfilling their chief and characteristic purpose by the display of common activities, may also achieve subordinate aims in two ways—externally by what we have termed the quasi-single activities; and internally by what we have called quasi-separate activities. These subordinate activi-

[1] This is true of virtually all the German and Italian writers on public finance. They are followed by Bastable, *Public Finance*. Lutz, *Public Finance*, evades the difficulty by giving these revenues no name at all.

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ties, summed up under the name of quasi-personal activities of the group, were discussed primarily in connection with the private groups. We did not, and no one else can logically, speak of these quasi-personal activities as private or quasi-private activities, because the common activities of the private groups are also private activities. The word private does not apply to the individual, any more than it does to the group. There are private individuals, but there are also private groups.

When, therefore, we seek to analyze the various activities of the public group, we must follow the same path. The fundamental purpose of the public group is to satisfy the common public wants; but these wants are primarily common and only secondarily public. Putting it in another way, the concept of public want connotes as its principal ingredient the common want. Both public and private groups are varieties of a larger genus. Both public and private wants, so far as they are group wants, are primarily common wants. When, therefore, we oppose to the fundamental purpose of the public group the various subordinate purposes, we are contrasting not the public with the private group, but the common activities of the group with what we have called the quasi-personal activities of the group. These include both the quasi-single and the quasi-separate activities. Inasmuch, however, as the term quasi-personal applied to the public group is novel and consequently perhaps inappropriate, it seems better to use a negative rather than a positive epithet and accordingly to speak simply of the quasi-public activities in contrast to the public activities of the group. At all events, the term quasi-private activities ought to be abandoned. We should speak hereafter not of the quasi-private but of the quasi-public activities of the group. Inasmuch as our specific problem is to apply the results of this distinction to the public revenues, it follows that we should hereafter speak not of the quasi-private revenues of the state but of the quasi-public revenues.

What then are these quasi-public revenues? Taking up first what we have called the quasi-single activities, that is the activities of a group acting as a single unit, it is clear that in the case of the public group or state we are in the presence of that kind

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of revenue to which, many years ago, we gave the name of prices.[1] The state, e. g., manages its own domain, and sells or leases the land or its produce for a price. The state carries on all kinds of enterprises and disposes of the product to citizens or non-citizens for a price, under whatever name that price may go. The price paid by the individual reflects special cost to the seller as well as special benefit to the purchaser, precisely as in the case of the satisfaction of reciprocal wants through exchange. In all such cases, again, there may be a producer's surplus in the shape of a profit, as well as a consumer's surplus, in the sense that the price paid by the consumer does not entirely exhaust the benefit or satisfaction which he experiences: at a pinch he might have been willing to pay more for the government railway ticket, rather than not to travel at all.

The prices, however, are properly called quasi-public revenues. In the first place, emphasis is to be put upon the "quasi" part of the term. They are quasi-public in the sense that the public is here not acting in its fundamental character as a group, but is pursuing subordinate purposes, not intimately connected with its chief objective. It is doing something foreign, or at least incidental, to its real aim. It is acting as if (quasi) it were something else.

In the second place, emphasis must be put on the "public" part of the term. The conduct of ordinary business enterprises by the state is marked by several distinguishing characteristics. The ordinary business enterprise is conducted for money; its purpose is to make profits. The state, however, may not desire to make profits, and in certain cases may even decide to run the business at a loss, as in the case of the five-cent municipal busses in New York. Furthermore, from the point of view of the individual, the price which is paid in return for the special benefit to him may be modified by some slight considerations of ability. This is indeed true of all ordinary enterprises, in the sense that a private railway company will modify its charges in accordance with what is popularly called "what the traffic will bear", but what, as we now know, represents the

[1] *Essays in Taxation*, 1895, chapter on Classification of Public Revenues.

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relation of overhead costs to total costs in the fixation of all prices.[1] The difference, however, between the ordinary business and the state enterprise is that in the former case differentiation of prices, or charging what the traffic will bear, is subordinate to, or a means of, developing the business and securing more profit; whereas in the latter case deference to the principle of ability is, or may be, entirely unconnected with the expectation of profits. A private water company may reduce its charges to large users in order to stimulate consumption and to increase profits; a municipal water system may reduce its rates to the dwellers in the slums with the thought not of increasing consumption but of decreasing the burden of the water rate. The charge is quasi-public because there is always the possibility of applying, to some extent at least, to this subordinate activity of satisfying particular wants the principle that is characteristic of the ordinary and fundamental method of satisfying common wants.

Prices, therefore, form the first category of quasi-public revenues. They are characterized primarily by the principle of special benefit, but with a slight or possible infiltration of the principle of ability.

The second way in which the individual may stand in a separate fiscal relation to the state is through the payment of special charges, special assessments and fees. Leaving the more detailed explanation of those to another place and taking, for the sake of brevity, fees as typical of this class of revenues, it may be said that they differ from prices in a double respect. In the first place, prices are paid for the results of a business enterprise carried on by the government; fees are paid either for a regulatory permission granted by the government or, if there are any positive services, for the conduct of a state institution, rather than of a state enterprise. A business enterprise furnishes products, and even if these products take the form of services, the costs constitute an important factor. In fees, there are either virtually no costs (except the negligible costs of supervision) as in the case of a simple permission; or, if

[1] Seligman, *Essays in Economics* (1925), p. 262; J. M. Clark, *Studies in the Economics of Overhead Costs* (1923).

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there are costs connected with the positive services, they are relatively insignificant.

This fact is responsible for two consequences affecting both the producer—the government—and the consumer—the fee-payer. Inasmuch as in the case of fees the costs are insignificant, all that the government desires is to have the cost reimbursed. Since the service is ordinarily rendered at or below cost, there will normally be no net profits to the government. In other words, there is little, if any, producer's surplus; whereas in prices, the services, as we have seen, may be, and often are, rendered at a profit. In fact, while state undertakings may indeed be run on the principle either of gratuitous service or of cost, most government enterprises of fiscal importance are monopolies undertaken in order to secure a profit. In prices, therefore, there is apt to be more of a producer's surplus than in the case of fees.

When we consider the other party to the transaction, it is clear that in fees there is generally a substantial consumer's surplus. For in the case both of the positive services rendered and of the mere permissions granted, for which fees are demanded, the individual will not pay unless he thinks that he is getting at least his money's worth. On the other hand, in the case of prices, while it is indeed true that the enterprise may be run either at a loss or at cost, the usual endeavor of the government is, as we have seen, to secure a profit, i.e. a producer's surplus. This, of course, correspondingly reduces the extent of any consumer's surplus and may even convert it into a consumer's deficit. In fact it is, as a consequence, often difficult to distinguish, from the point of view of the burden imposed on the individual, between prices and taxes. When the postal rates were temporarily raised during the war, many, including government officials themselves, erroneously regarded the addition as a war tax. In some countries, like France, it is even quite common, although clearly wrong, to include postal charges in the category of taxes. It is true that in fees it is also comparatively easy for the benefit, or consumer's surplus, to change into a burden; but, as every one agrees, the payment then loses its characteristic of fee, and becomes a tax.

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In the fee proper, the charge is limited to the cost; in the price the charge may be far more than the cost. The greater the disparity between the cost and the charge, the smaller will be the consumer's surplus.

It is clear, therefore, that in fees we generally have less of a producer's surplus and more of a consumer's surplus than in prices.

Secondly, in the case of fees, the element of special benefit is apt to be a little less pronounced, and that of common benefit more important than in prices. This is seen partly in the moderation of the fee, so as to bring it within the reach of the less wealthy members of the community, partly in the positive concessions made to poorer individuals, as in the remission of educational fees to indigent students. Thus in the entire category of quasi-public activities the range of special benefit is slightly more restricted, and that of ability slightly more developed.

In contrast to the quasi-public revenues consisting of prices and fees, we have the public revenues consisting of taxes. Historically, as we know, the earliest taxes were those imposts on transactions and on commodities that we call indirect taxes. In indirect taxes, however, it is difficult to see the application of either the benefit or the ability idea. This is due to the fact that both special benefit and ability are personal matters; and while it is true that taxes are always paid by some person, indirect taxes are levied not so much on the person as on the transaction or on the commodity, irrespective of the person. Even, however, if we regard an indirect tax as a charge upon the person who conducts the transaction or who possesses the commodity, we cannot well speak of any special benefit accruing to him. Indirect taxes, as a matter of fact, are an outgrowth of primitive fees and charges. Levied ostensibly as a return for a service or privilege granted to the individual, they were gradually so increased in amount as soon to lose that character. Instead of conferring any special benefit on the individual, the government activity in question imposes a net burden on him. The consumer's surplus is converted into a consumer's deficit: the advantage becomes a disadvantage. Above all, the pay-

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ment does not follow the principle of ability but to the extent that the commodities taxed approach the category of necessities or even of comforts, inverts that principle. If a tax is imposed on salt, of which the poor man must consume as much as the rich, and if ability is measured, as it may well be, in terms of wealth, the poor man not only does not pay less in proportion to his ability, but actually pays more. And even where we deal with comforts, if ability is interpreted, as in modern times, to involve graduation, it still remains true that the higher tax paid by the rich man on his greater expenditures does not respond to his ability. An indirect tax in both cases is an upside-down ability tax.

Indirect taxation is therefore neutral so far as concerns the positive application of the principles of either benefit or of ability. It pays no attention to the one or to the other.

When we come to direct taxes, it is necessary to distinguish between impersonal and personal taxes. A personal tax is a tax levied on the individual as such, as the general property tax or the general income tax: the tax is assessed on the individual in respect to his property or to his income. An impersonal tax is a tax levied on the thing, rather than on the person. It is what the lawyers call a tax *in rem*—a tax on the real estate as such, a tax on some particular piece of property, a tax on some business. The remedy for non-payment lies against the thing, not the person: if the tax on the land is not paid, the land is sold, irrespective of the owner. The chief difference between an indirect tax on a commodity and an impersonal direct tax on the same commodity is that in the latter case the owner is supposed to bear the burden, and in the former case he is presumed to be able to shift it.

In an impersonal direct tax the element of special benefit becomes of still less importance than before, and the element of ability looms far larger. An indirect tax on the transfer of the land is frequently levied irrespective of the value of the land: it is the transfer, not the land that is taxed. Whereas a land tax is generally assessed in accordance with the value of the land or its produce: the more costly the land, the greater the reputed ability of the owner to pay.

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The element of special benefit, however, is still present, although perhaps in a minor sense. While it is true that land derives a benefit from state outlays and taxes, this special benefit is only partial in character. The proceeds of the land tax, for instance, may be spent for the fire department, from which the land can derive no benefit, or for other purposes which redound in only an insignificant degree to the advantage of the land. In general, however, it may be said that the indirect advantages of government, which go to produce a prosperous and stable community, enhance the attractiveness and therefore ultimately the value of the land, as of every other piece of property. Furthermore, it often happens that some positive action of government, like the opening of a street, or the construction of a subway, increases the value of the plot. In all such cases, the ability of the owner to pay is augmented by the special benefit which he derives.

Summing it up, then, it may be said that in the impersonal direct taxes, ability to pay has become an important factor, but that ability itself is occasionally modified by the existence of special benefit. We have reached a position just the opposite of that which we encountered in the case of fees. In that case, the prime element is special benefit, but still a benefit modified by ability. In impersonal direct taxes, the prime element is ability, but an ability modified by special benefit.

Finally we reach personal taxes. A personal tax is a direct tax levied on the person as such. As in the case of the private groups which we have studied, the obligation of the respective individuals may be met by a precisely identical payment. The equal dues of the private club become the poll taxes of the state. But just as the private clubs occasionally utilize the principle of relative equality which we term ability, so the public group, with the growing importance of the differentiation of wealth, also lays increasing stress on the principle of ability. Special benefit comes into play only in the subordinate sense that ability itself is sometimes influenced by benefit—in the sense, namely, that a man's ability to pay may be enhanced by some particular benefits which he enjoys. Thus, in proportion as the personal direct taxes are levied for the attainment of the

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fundamental state purposes, the principle of ability becomes of overwhelming importance, and the principle of special benefit dwindles into relative insignificance.

Direct personal taxes are, then, at the other extreme from prices. In the latter, special benefit is of almost exclusive moment, and ability plays only a slight rôle: in the former, ability is of paramount importance, and special benefit plays a comparatively negligible rôle. The practical application of all these considerations is of great significance, but cannot be discussed in this place.

VIII. *Conclusion*

The social theory of fiscal science which has been here expounded thus affords a solution of problems which have long vexed the investigator. It supplements the work of the sociologists who have thus far made almost no attempt to apply their theories to economic life. It rounds out the efforts of the economists to trace the social implications of their science.

In the first place it shows us that fiscal science, like economics, is a part of social science in the wider sense. Fiscal science is a social discipline. The root explanation of the fiscal relations of the individual is to be sought in his group membership —not membership in the public group, but membership in the group as such. It is this membership which transmutes and transfigures the individual. Fiscal wants are common wants, and only through analysis of common wants can we reach a solid basis for a consideration of the fiscal activities of the state.

Secondly, the social theory of fiscal science answers the much-mooted question as to what is the proper subject of fiscal science—the state or the individual. It shows, in fact, the irrelevance of such a question: for, as we have explained it, the state is nothing but the individuals that compose the state. Only we must be careful to use the terms correctly. The state is indeed not an organism, and still less a superorganism: but the state is much more than the mere collocation of individuals. No individuals as such can ever explain the state, or for that matter, any group, private as well as public. An individual, associated with other individuals in a cooperative group, private or public, becomes at once by the mere fact of association

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something different from his former self. His special separate wants are transmuted into common wants. He creates the group, but is recreated by the group. Physically he is the same; psychologically and spiritually he is different. His transition from an isolated individual to a group member is of paramount importance. The union of group members is something very distinct from the chance collocation of separate individuals. What is true of all groups is necessarily true of the public group.

It follows, therefore, that when we say that the subject of fiscal science is the state, we mean that the subject of the science consists of the fiscal relations of the members of the state. These fiscal relations are not those of individuals as such, but of individuals in their political or public capacity. It is therefore immaterial whether we say that the public goods discussed in fiscal science deal with public wants and public satisfactions, i. e., the wants and the satisfactions of the state; or whether we say that they deal with the common wants and the common satisfactions of the individuals, in their fiscal, i. e., their public-economic relations with each other. The subject matter of fiscal science is the fiscal relation of the state to its members, that is the mutual fiscal relations of those that constitute the state.

In the third place, the social theory of fiscal science shows that it is a part not only of social science but also of political science. That it is a part of economic science goes without saying. For fiscal science deals with economic values, i. e., with certain aspects of the problem of wealth. Fiscal science, however, is a part of political science in that it deals primarily with the public-group relation, and neither with the private-group nor with the exchange-group relations of the individual that are designed to satisfy either his common or his reciprocal wants. The social theory of fiscal science clarifies the distinction between the private and the public group. What scholars have thus far in vain attempted to achieve—namely a precise statement of the difference between private and public groups, the social theory of fiscal science is able to accomplish. For, as we have learned, it is chiefly through an emphasis on these

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relations between group income and group outgo that it has become possible to explain the hitherto unrecognized differences between the private and the public groups.

In the fourth place, the social theory of fiscal science has succeeded in showing that in the economics of all group life a place must be found for the subordinate, as well as for the primary, group activities; and that side by side with the normal activities designed to satisfy common wants there are also incidental activities calculated to satisfy the special wants and the reciprocal wants both of the group and of the group members. It is only through emphasis on the fiscal relations—that is, the economic relations of group income and group outgo—that we have been led to a consideration of the quasi-single and the quasi-separate activities as over against the common activities of group life in general. It is this analysis which has illumined the dark recesses of the subject, and cleared up what has hitherto been a confused field of speculation.

Finally, the social theory of fiscal science has enabled us to put into their proper places the rival theories that have so long disputed the mastery in public finance. The long-continued contest between the theories of benefit and of ability as the controlling explanation of fiscal relations must be abandoned. We have learned not only that there is no such unitary explanation of fiscal relations, but also that each principle has its appropriate sphere of action. We have learned further that in some respects neither is an independent canon, but that each is under certain conditions affected by the other. Special benefit may be modified by ability; ability may be modified by special benefit. These considerations afford a basis at least for applications, in both theory and practice, which have never yet been made to the detailed content of fiscal science, but which are manifestly out of place here.

Is it too much, then, to hope that the social theory of fiscal science may not only throw some light on sociology itself, but may also prove to be the beginning of a new and fruitful treatment of fiscal science?

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THE PALESTINE PROBLEM

PALESTINE has been a center of world interest since history began. In ancient times it was the meeting place of Hittite, Egyptian, Assyrian, Babylonian, Persian, Greek and Roman armies, empires and cultures. With these contacts it is not surprising that it should have given rise to two great religions, Judaism and Christianity. In the Middle Ages it was the meeting point of Christian and Moslem armies and at times passed under the political dominance of each. In modern times, as the holy land of Judaism and Christianity and second only to the Hedjaz in the reverence of Moslems, it has been the focus of religious interest and pilgrimage, while its position near the Suez Canal has given it strategic importance.

This history has left Palestine with a varied array of racial stocks, languages, religions and foreign entanglements. Outside Palestine the following political forces are chiefly concerned.

1. Great Britain has the mandate and is vitally interested in imperial communications at Suez.

2. World Zionism has been internationally organized for nearly thirty years and its mission to create in Palestine a national home for the Jewish people has been recognized by the Balfour Declaration of 1917 and confirmed by the mandate.

3. Arab nationalism is at present incompletely organized but has substantial nuclei in Iraq and Nejd and insists that the Allies promised during the war to include Palestine in a united Arab state.

4. The Roman Catholic Church is a powerful world organization with a permanent interest in the historic seat of Christianity where it maintains numerous monasteries, churches and schools. It has kept up a lively propaganda in the East and has been gaining predominance among eastern Christians since Russia withdrew protection from the Orthodox Church.

5. France as leader of the Crusades has long been recognized as protector of Christians in the East. She has a mandate ove

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the neighboring territory of Syria and aspires to be the leading power in the Mediterranean.

6. Italy also aspires to a leading position in the Mediterranean like that of ancient Rome, and is materially interested because of investments and immigrants in the East. The growing intimacy of Mussolini and the Vatican perhaps suggests the hope that Italy may succeed France as protector of Catholic interests.

7. The League of Nations supervises the administration of mandates. Though in most matters the League must be considered an instrument through which the policies of its members can seek adjustment, and not an entity with a political initiative of its own, in the matter of mandates it is a political force and the Council has authority to see that the policy embodied in the mandates is carried out. The Council is advised by an independent body, the Permanent Mandates Commission.

Turkey, before the war, was sovereign in Palestine. Germany posed as the first friend of Turkey and had very important military and economic interests, including the Bagdad Railway scheme. Russia was formerly the protector of Orthodox Christians, the most numerous Christian sect in the East. These states are not at present factors of political importance, though Bolshevik ideas are said to be attractive to some of the immigrant Jews (but apparently not many) and Bolshevik policy is undoubtedly dallying with Islam.

World Christianity, except as embodied in the Catholic Church; world Judaism, except as embodied in the Zionist organization, and world Mohammedanism, except as represented by Arab nationalism, are not sufficiently organized to be counted political forces, though the interests of non-Catholic Christians, of non-Zionist Jews, and of non-Arab Moslems are always present and constantly influence the attitudes of the political forces mentioned.

For the time being, these outside forces have achieved equilibrium in the carefully drawn terms of the mandate for Palestine which went into effect on September 29, 1923. This agreement between the League of Nations and Great Britain places the administration in British hands with the following stipulations:

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1. She must secure the establishment of a national home for the Jews by recognizing the Zionist organization as competent to advise in this connection, by facilitating Jewish immigration and land settlement, by recognizing Hebrew as an official language on a par with Arabic and English, and by arranging with the Zionist organization for development of public services and natural resources.

2. She must foster the development of self-governing institutions, encourage local autonomy and safeguard the civil and religious rights of all the inhabitants of Palestine irrespective of race and religion.

3. She must recognize the rest days of each religious community as legal, assume sole responsibility for preserving and securing all holy places and leave the determination of rights and claims in connection with them to a commission representative of all religious interests. The constitution and functions of this commission are to be approved by the League of Nations Council, but because of difficulties in distributing the personnel among the different religious interests it has not yet been established.

4. She must assure adequate judicial protection to foreigners and maintain the open door for traders and archæologists of states members of the League. The United States has been accorded the same privileges by the treaty of December 3, 1924, ratified in December, 1925.

5. She must make an annual report and submit copies of all laws and regulations to the League of Nations, submit disputes with a League member on interpretation of the mandate to the Permanent Court of International Justice, and secure the Council's consent to any modification of the mandate.

Thus, it will be observed, partial satisfaction is given to British, Zionist, Arab, religious, foreign trade and League of Nations interests.

Within Palestine there are also political forces which, though less powerful than those outside, are more vitally interested. The doctrine of self-determination espoused by the Allies during the war is in essence merely a recognition that internal forces ought to have more influence on the government of an

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area than external forces. This doctrine was recognized as at least partially applicable to the peoples liberated from Turkey by the League of Nations Covenant. According to Article 22 of that instrument, these communities "have reached a stage of development where their existence as independent nations can be provisionally recognized subject to the rendering of administrative advice and assistance by a Mandatory until such time as they are able to stand alone. The wishes of these communities must be a principal consideration in the selection of the Mandatory."

Though in fact external forces were given major consideration in drawing up the mandate, the influence of internal forces will doubtless become increasingly important as war and peace-making recede into the past. Various political forces, stimulated to an exaggerated interest in distant lands by these upheavals, will tend, with the return to normalcy, to be absorbed by interests nearer home, leaving the distant lands more to themselves. In the case of Palestine, this will probably be less true than in any other part of the earth. External forces will continue to be important but relatively less important than they have been during the past decade.

The writer's impressions of the internal forces in Palestine were received during a visit to the mandated areas of the East in the fall of 1925. Conversations were held with some sixty persons, including native Moslems, Christians and Jews, and European and American residents. The point of view of leaders of the various Arab parties, of the Zionist leaders, of ecclesiastical dignitaries, and of British and Palestine government officials was obtained.

Palestine within the present mandate boundaries (exclusive of Trans-Jordan, which is under a wholly different régime) is about the shape and size of the state of New Hampshire, with about twice the population. In January, 1926, its population of 835,000 comprised about 615,000 Moslems, 135,000 Jews, and 75,000 Christians, the remaining 10,000 being principally Druses. The Christians and Moslems are of the same racial character, speak Arabic and are commonly called Arabs in distinction from the Jews. Whether the term Arab with this

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broad usage has any but a linguistic significance is difficult to say. It comprises roving *bedouins* of the desert, settled peasants, laborers and city *effendi*. Doubtless among them is the blood of the pre-Israelitish inhabitants like the Phoenicians, Philistines and Canaanites, as well as conquerors and invaders like the Hittites, Egyptians, Israelites, Assyrians, Babylonians, Aramæans, Greeks, Romans, Arabs, and Western Europeans from the Crusading period on. Many of these strains, especially the Hittite, are probably represented in the modern Jew. They are all dominantly Semite and the Jews are doubtless right in saying that whatever may be their differences with the Arabs they can hardly flow from anti-Semitism.

The Jews are rather less than half native and pre-war immigrants and more than half immigrants since the war. Hebrew is their language, though the older settlers also speak Arabic and most of the immigrants speak some European tongue. The immigrant Jews are not for the most part religious though they generally have a strong sense of Jewish nationalism. The old Jews of various orthodox sects who are concentrated in Jerusalem are often shocked by the religious indifference of the modern Zionists, as indeed are some of the Arabs.

There is only one major political issue in Palestine and that is Zionism. The Zionists are endeavoring to reduce its importance by encouraging political discussion of economic, administrative, labor and other problems and have had some success, but still the Moslems and Christians are practically unanimously against Zionism while the government is trying to hold the balance. Thus political opinions divide naturally into Arab, Jewish and British.

The Arab Point of View

Arab opinion is mainly the opinion of the Arab leaders. The masses are illiterate, poor and inclined to follow the leader with most prestige. God was passing gifts around, according to a story told me, and came to stupidity. "Give me a lot of it," said the Arab peasant, "because I have a large family." Possibly, however, this want of intellectual initiative is not inherent, because the Arab who has had opportunities learns readily, espe-

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cially languages, and is full of ideas. Even the illiterate peasants are showing an increasing interest in politics. It is not uncommon for them to form groups to have the newspaper read aloud. There are thirteen Arabic language newspapers in Palestine appearing weekly or oftener and although they are personal rather than party organs there is undoubtedly a tendency for political opinions to become crystallized into parties based on ideas and interests as in Western countries; but as yet the prestige of leaders is the dominant factor, and prestige flows mainly from family. Party differences are apt to represent family feuds rather than divergencies in interest or political principles. Purely traditional party loyalties, so important in America and England, have not had time to form in the immature state of Palestinian political life.

In 1919, alter learning of the Balfour Declaration proclaimed in November 1917, the Arabs united against it in the so-called Moslem-Christian society. This movement was led by the Husseini family, descendents of the Prophet and the leading family of Jerusalem. It was at first supported by nearly all the Arabs of Palestine, both Moslem and Christian, as well as by most of the foreign Christian interests. Its head is now Mussa Kazim Pasha Husseini who had been an official in the Turkish régime and was at one time mayor of Jerusalem. It maintains an executive committee with Jamaal Husseini as secretary. The newspaper *Falestine*, published in Arabic at Jaffa with Issa Elissa, a Christian, as editor, is its publicity organ. It has sent several petitions to the League of Nations stating, among other things, irreconcilable hostility to the Zionist policy; but as this policy is expressly approved by the terms of the mandate and the League feels bound by that instrument, these parts of the petitions have not been considered.[1] The party refuses to cooperate with the government in any way and caused the failure of successive efforts to arrange an elected legislative body, a

[1] League of Nations, Permanent Mandate Commission, *Minutes*, 5th sess., pp. 99, 125, 196. Petitions dated Nov. 9, 1923, and Oct. 6, 1924, are printed, *ibid.*, pp. 166-174. See also *Minutes*, 7th sess., pp. 123-129, 133, 136-138, and petitions, dates April 8 and 12, 1925, printed on pp. 160-173. Another petition was presented to the new High Commissioner, Lord Plumer, on Oct. 13, 1925.

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nominated legislative body and an advisory Arab agency similar to the Zionist Agency, on the ground that none of these plans gave the Arabs a political influence in proportion to their numbers.[1] The most recent statement of the party, presented to the High Commissioner on October 13, 1925, demanded "The establishment in Palestine of a National Constitutional Government in which the two communities, Arab and Jewish, will be represented in proportion to their numbers as they existed before the war." Achievement of this would of course put it in Arab power to end Zionism.

The Moslem-Christian society or, as it is now often called, the Executive Committee of the Palestine Arab Congress, is still the most representative and important of the Arab organizations, but rival groups have sprung up. One of these, the National party, is headed by Nashishibi, the present mayor of Jerusalem, and is supported also by the Khaldi, the second most important family of Jerusalem. Its basis seems to be mainly family rivalry with the Husseini and its opposition to to Zionism is equally pronounced. It is, however, willing to cooperate with the government and to accept whatever measure of Arab representation may be given, although always hoping for more.

Somewhat similar is the attitude of the Democratic party, founded by Adel Zeitor at Nablus; though the latter is willing to go even farther in cooperation with the government and the Jews. For instance, its program does not call for absolute exclusion of Jews but only for restriction of immigration to such an amount as the country has the economic capacity to absorb.[2] In spite of its name, the constitution of the party makes the present incumbent permanent president, and its influence is confined to the vicinity of the Arab center of Nablus.

[1] Great Britain, *Report of the High Commissioner on the Administration of Palestine, 1920-1925, Colonial No. 15* (*1925*), pp. 44-47.

[2] This policy with regard to immigration is supported by the Permanent Mandates Commission (*Minutes*, 5th sess., pp. 72-74, 188-189) and by the British Government. "The new immigration ordinance (Sept. 1925)," says the 1926 report to the League, "is framed on the basis of the principle that immigration must be regulated by the economic capacity of the country to absorb the settlers and to safeguard the position of the existing population."

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Most favorable to the Jews is the Peasants' party, headed by Afif Abd-el-Hadi of Jenin. He was formerly connected with the Husseini organization but thinks now that politics should be subordinated to the development of the country. Thus he believes Arabs and Jews should cooperate, representative institutions be established, and a program of agricultural loans, reduction of land taxes, and peasant organization be pushed. The influence of this party is doubtful. The Moslem-Christian leaders say it does not exist except in the minds of a few Arabs who have been subsidized by the Zionist executive. Abd-el-Hadi admits that as yet it has no newspaper, no printed literature, and no organization. There is undoubtedly a tendency, however, whether stimulated by Jewish money or by a sense of expediency, and active in spite of the opposition of Arab leaders, for Arab peasants in some parts of the country to cooperate with Jewish settlers in agricultural development and for Arab laborers to participate in Jewish labor unions. The Zionists insist on the mutual advantage of such cooperation and point to such villages as Rashpina, which is half Jew and half Arab, to show its possibility. In this village there seemed to be a spirit of friendship between the two halves and there were indications of a desire on the part of the Arabs to get assistance from the Jews in matters of education and local improvement. In view of such facts, the Zionists claim that Arab opposition is merely a façade erected by a few leaders who have profited by the corruption, the feudal land system, the illiteracy, and the family prestige which, it is rightly suspected, will pass away with the more equitable administration and the more scientific methods introduced by the British and the Zionists. More impartial observers, however, think that the Arab peasant and laborer has a deep-seated conviction that Zionism means his gradual displacement by, or servitude to, the Jew; and though he may cooperate for the sake of temporary expediency, he resents it with all the force of his love of homeland and of the civilization to which he is accustomed. This civilization may not have the efficiency and sanitation of the West, but it has tranquillity. The Arab wants time to smoke his hookah and play dominoes while he watches the donkeys and camels and

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variously garbed people go leisurely by. For the time, the Arab leaders probably have the support of the masses of the Arab people, and they are against the existing régime.

What are their grievances?

They regard the Balfour Declaration and the whole policy of Zionism as a gross violation of the principle of self-determination proclaimed by the Allies, on the faith of which the Arabs assisted the Allies in the war. The hostility to Zionism of the people, seven-eighths of whom were Arabs, was amply demonstrated, they point out, by the report of the King-Crane Commission sent over by President Wilson during the Peace Conference.[1] Furthermore, they think the Balfour Declaration violates specific pledges made to the Arabs during the war. Thus they refer to an alleged agreement made by the British Government through Sir Henry MacMahon with Sherif Hussein of the Hedjaz in October, 1915, that "Great Britain is prepared to recognize and support the independence of the Arab countries proposed by the Sherif," viz., "the Arab countries bounded on the North by Adana, and Mersina up to the 37th degree of latitude, on the East by the frontiers of Persia up to the Persian Gulf, on the South by the Indian Ocean with the exception of Aden, and on the West by the Red Sea and the Mediterranean," thus including Palestine.[2] They also point to the Anglo-French Declaration of 1918, from which the following passage is quoted:[3]

> The aim which France and Great Britain have in view in prosecuting in the East the war let loose by German ambition is the complete and final liberation of the peoples so long oppressed by the Turks and the establishment of national governments and administrations deriving their authority from the initiative and free choice of the native populations.

[1] Of 260 petitions from Palestine, 222 (over 85%) were against Zionism. King-Crane Report, *Editor and Publisher*, vol. 55, no. 27, p. 6.

[2] Arab petition to League of Nations, April 12, 1925, *supra*, note 1. The Mandates Commission thought discussion of the significance of this pledge was beyond its competence.—*Minutes*, 5th sess., p. 68. Temperley, *History of the Peace Conference*, vol. 6, p. 174.

[3] Temperley, *op. cit.*, vol. 6, p. 140.

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> In order to give effect to these intentions France and Great Britain have agreed to encourage and assist the establishment of native governments and administrations in Syria and Mesopotamia already liberated by the Allies, and in the territories which they are proceeding to liberate, and they have agreed to recognize such governments as soon as they are effectively established. So far from desiring to impose specific institutions upon the populations of these regions, their sole object is to ensure, by their support and effective assistance, that the governments and administrations adopted by these regions of their own free will shall be exercised in the normal way. The function which the two Allied Governments claim for themselves in the liberated territories is to insure impartial and equal justice for all; to facilitate the economic development of the country by encouraging local initiative; to promote the diffusion of education; and to put an end to the division too long exploited by Turkish policy.

Syria, they say, was understood to include Palestine as it did in Turkish times, and as it always has in Arab nomenclature. Finally, they point out that Article 22 of the League Covenant declared that the "communities formerly belonging to the Turkish Empire have reached a stage of development where their existence as independent nations can be provisionally recognized subject to the rendering of administrative advice and assistance by a Mandatory until such time as they are able to stand alone." They consider the Balfour Declaration, even when modified by the interpretation of 1922, irreconcilable with these pledges. If the Jews are allowed to establish a cultural home in Palestine, as there contemplated, the Arabs are convinced that they will soon insist on political authority also. In fact, the Arabs conceive the moderate aims professed by Zionist leaders to be mere camouflage and recall Dr. Weizmann's alleged statement at the Peace Conference in 1919, that the object of Zionism is to make Palestine "as Jewish as England is English and America is American."

As for historic claims, the Arabs point out that in all history the Jews were politically dominant during only 250 years from the time of David to the Assyrian Captivity in the 8th century B. C. Even then they did not constitute a majority of the

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population. The Arabs have been the dominant element for over a thousand years and before that their ancestors formed the majority of the population of Palestine.[1]

Thus the Arabs deny all moral foundation for the Balfour Declaration, but in addition they point out specific abuses which have developed from the effort to apply it. A legislative assembly based on representation in proportion to population is denied, although such institutions are found in both Syria and Iraq and the mandate expressly requires the mandatory to secure "the development of self-governing institutions." At present, legislative measures are first drawn up by the Attorney General, who has been a Zionist. They are then considered by the Executive Council consisting of the High Commissioner, the Chief Secretary, the Attorney General and the Treasurer; then by the Advisory Council consisting of these four, five department heads and a district governor. They are not published in the official gazette until approved by the Colonial Secretary in England. Ordinarily, a month for criticism by the public, which has occasionally led to alterations, is allowed before they become effective. The entire process is thus in the hands of British officials. It is true the British have offered the Arabs representation on several plans, but never in proportion to their numbers. Thus one plan allowed the Moslems to elect eight representatives, the Christians two, and the Jews two, but to these were added the High Commissioner and the ten officials on the Advisory Council, who, being committed by the mandate to the Zionist policy, would on matters affecting that policy presumably vote with the Jews, thus putting the Arabs in a minority of ten to thirteen. Another suggestion offered the same proportion in a nominated council. A third proposal invited the Arabs to establish an agency with the same capacity to advise as the Zionist executive. All of these proposals were defeated through efforts of the Moslem-Christian society which gave as their reason that participation in such councils in which they would have lacked controlling

[1] The Arabs' position in 1919, which has remained essentially unchanged, is outlined in the King-Crane Report, *supra*, p. 392, note 1.

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power might be held to commit them morally to policies of which they disapproved.[1]

Apart from their objection to Jewish immigration on the political ground that it may eventually make Palestine Jewish, the Arabs object to it on economic and moral grounds. They believe the large immigration raises the cost of living, lowers wages and creates unemployment. These results are hardly demonstrable by statistics, but the Arabs are convinced the tendency will eventually be felt. They also contend that many of the immigrants are immoral and unscrupulous though few specific instances have been cited. The Arabs call attention especially to the concern expressed by the Mandate Commission in 1924[2] as regards Jewish immigration. Yet immigration increased from 500 to 4000 a month in 1925. The Jews, on the other hand, point out that while there were some 2000 unemployed in the winter of 1924, conditions have so improved that the labor market was understocked in the fall of 1925.

The Arabs charge that the Zionist policy has made government very expensive. The Arab peasant has to pay the taxes. There are more officials than in Turkish days, they say. Apparently they ignore the cost of baksheesh which was universal then; and, in fact, among native officials in the lower ranks, it is not eliminated yet. Whole new departments of immigration and labor have been created, the Arabs complain, and the staffs consist of well-paid Jewish officials. The use of Hebrew as an official language means delay and many interpreters in the courts and administration and enlarges the cost of official printing.

But, they say, not only does the Arab taxpayer have to support a policy he disapproves; he is discriminated against in spite of the express requirement of the mandate[3] that "the civil and religious rights of all the inhabitants of Palestine shall be safeguarded irrespective of race and religion" and that there

[1] *Supra*, p. 390, note 1.

[2] *Supra*, p. 390, note 2.

[3] The text of the mandate is printed in League of Nations *Official Journal*, Aug. 1922, p. 1007; *Am. Journ. Int. Law*, Supp., vol. 17, p. 164.

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be "no discrimination in Palestine against the nationals of any state member of the League of Nations [including companies incorporated under its laws] as compared with those of the mandatory or of any foreign state in matters concerning taxation, commerce or navigation of merchant vessels and civil aircraft." Arabs believe that legislative prohibition of grain export in 1921, foreclosure of mortgages held by the Ottoman Bank and enforcement of an old Turkish law escheating estates uncultivated for three years were all parts of a plan to drive down the price of land and compel the Arabs to sell to the Jews. It is true that the government gave explanations of these acts as necessary to prevent a famine, but the Arabs say there would have been no danger of famine had it not been for the Zionist immigration. Whatever may have been the motive, in fact real estate prices have steadily mounted. The Arabs also charge insufficient care for the rights of tenants, whose land has been sold to Zionists by absentee landlords. They believe, and government officials admit, that taxes are unduly heavy for peasants, who are mainly Arabs, and unduly light for merchants and industrialists, who are mainly Jews. They also charge that tariffs and taxes are arranged to protect wine and other products, made mainly by Jews, but injure wheat and olive production, engaged in mainly by Arabs. They also charge that Jews have an unfair proportion of administrative posts. Statistics indicate that the proportion of Jews in the administration has declined.[1]

The Jews and especially Mr. Rutenberg, they say, have been favored in the granting of concessions for power development, irrigation, and contracts for public work. It should be noted in this connection that the mandate does not seem to require the open door with respect to concessions and contracts for public work, but expressly provides that: "The administration may arrange with the Zionist Agency to construct or operate upon fair and equitable terms any public works, services and utilities and to develop any of the natural resources of the

[1] On these points see, Permanent Mandates Commission, *Minutes*, 5th sess., pp. 76, 94.

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country in so far as these matters are not directly undertaken by the administration" and must "encourage, with cooperation with the Zionist Agency, a close settlement by Jews on the land, including state lands and waste lands not required for public purposes." This discrimination favorable to the Jews cannot encroach upon vested rights, and the Permanent Court of International Justice has decided that the right of Mr. Mavrommatis, a Greek concessionaire from Turkish times, must be respected by Rutenberg in his later concession of water-power privileges in the Jordan.[1] In the matter of Jewish settlement on waste lands, the administration has been inclined to protect fully the interests of Arab tenants to the disappointment of Jewish expectations.

Two cases of alleged discrimination contrary to the mandate have come before the courts. In the Urtaz Springs case the Palestine government had passed an ordinance which requisitioned water from this spring used for agricultural purposes by Arabs to supply a shortage in Jerusalem where much Jewish building was going on. The Supreme Court of Palestine held the ordinance void because it failed to respect Arab rights guaranteed by the mandate, which it was obliged to apply as law, according to the British Order in Council under which it acted. The case was reversed on appeal to the British Judicial Committee of the Privy Council, though the principle that courts are bound to ignore Palestine legislation contrary to the mandate was sustained.[2]

In the other case the Arabs alleged favoritism to the Hebrew language on the postage stamps contrary to the mandate provision: "Any statement or inscription in Arabic on stamps or money in Palestine shall be repeated in Hebrew, and any statement or inscription in Hebrew shall be repeated in Arabic." The word Palestine appeared on the stamps in the three official languages, but after the Hebrew text appeared the letters "E. I." signifying *Eretz Israel* or the Land of Israel. This aroused great feeling among the Arabs, who saw in this super-

[1] Permanent Court of International Justice, *Ser. A, No. 5.*

[2] *Jerusalem Jaffa Dist. Governor v. Murra,* L. R. (1926), A. C. 321. See comment by Wright, *Am. Journ. Int. Law,* Oct. 1926.

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ficially trivial incident a veiled recognition of the most extreme Zionist aspirations; but their effort to enjoin the use of these two letters failed in the Supreme Court, which held that the form of the word Palestine in each language was a matter of administrative discretion.

The Arabs, as also many foreign Christians, especially the Latin Catholics, fear for the safety of sacred places. They realize the express responsibility in this respect placed on the mandatory, but they fear a Jewish majority would find means to interfere with pilgrimages and Christian and Moslem religious establishments. The Moslems fear especially for the Temple area which contains the Dome of the Rock and Al Aqsa Mosque, second in importance only to the Mosque at Mecca. A Jewish majority would doubtless be under strong pressure to reacquire this site of Solomon's temple, for the loss of which orthodox Jews have wept at the wailing wall for thousands of years.

The Arabs seldom accuse the British of actual corruption; in fact they say they have no objection to Great Britain as the mandatory power but merely to the Balfour Declaration, which, in their opinion, is incompatible with the spirit of mandates and with sound administration.

The Jewish Point of View

Jewish opinion in Palestine is more completely organized than Arab opinion. The great mass of Jews there support the Zionist agency in Palestine, which is officially recognized as adviser to the government by the mandate and is a branch of the world Zionist organization with Chaim Weizmann as president and headquarters in London. The five important Jewish papers in Palestine, two in English and three in Hebrew, while receiving no financial aid from the Zionist organization, generally support its policies.[1] The extreme right and extreme left

[1] *Palestine Bulletin,* published in Jerusalem and New York by Jewish Telegraphic Agency; *Palestine Weekly,* Jerusalem, published by same management as *Doar Hozam* (Daily Mail), Jerusalem, supported by outside capital and conservative; *Hoa Ritz* (The Earth), published in Tel Aviv; *Davar* (The Word), published in Tel Aviv by organized labor. The Zionist organization published the *New Judea* and *Hoalin* (The World) in London.

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each have small weekly papers which are more critical. The Jews are for the most part literate and follow politics closely.

As the Jews are engaged in an effort to change the *status quo*, which would obviously be impossible but for the political and financial support of the organization, it is only natural that dissent should not appear in Palestine. The Jews in Palestine have got to hang together. Otherwise they would starve or migrate, if not hang separately.

The policy of the Zionist organization is determined, not mainly by Palestine Jews, but by the 15,000,000 Jews throughout the world, or at least that part of them (which seems to be a majority) interested in Zionism and represented at the fourteen Zionist World Conferences which have been held since 1897.[1] At these meetings two conceptions of Zionism have grown up, the political and cultural. At present the official aims of the organization are only cultural. It has formally accepted the British White Paper of June 1922[2] interpreting the Jewish national home contemplated by the Balfour Declaration as "not the imposition of a Jewish nationality upon the inhabitants of Palestine as a whole, but further development of the existing Jewish community, with the assistance of Jews in other parts of the world, in order that it may become a centre in which the Jewish people as a whole may take, on grounds of religion and race, an interest and pride." This has been said to mean a Jewish national home *in* Palestine, not *of* Palestine. Probably the majority of Zionists in and out of Palestine, like Hertzl, the originator of modern Zionism, conceive the Jewish state as their ultimate aim, but a majority of them are content to limit the immediate objective to a cultural home, leaving the situation to develop when that is achieved.

The representatives in the World Zionist Congresses are not

[1] The history and aims of Zionism are well set forth by Leonard Stein, *Zionism* (London, 1925). See also statement by Sir Herbert Samuel, former High Commissioner, Permanent Mandates Commission, *Minutes,* 5th sess., pp. 63-64.

[2] *Correspondence with the Palestine Arab Delegation and the Zionist Organization,* June 17, 1922, Cmd. 1700, 1922. See also *Report on Palestine, 1920-1925, supra,* note 1, p. 390; Permanent Mandates Commission, *Minutes,* 5th sess., p. 63; Stein, *Zionism,* p. 129.

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under the same restraints as Palestinian Jews, and a vigorous left wing minority has attacked the executive for compromising too much. Such talk is, of course, seized upon by the Arabs as a ground for alarm. In Palestine itself what opposition there is to the executive comes more from the right wing, the extremely orthodox Jews who care little about Jewish national and political aspirations but much about the ancient religion. Zionism is a national, not a religious movement, and the orthodox fear that Judaism will be forgotten in its success. The Ashkenasic community in Jerusalem has even gone to the extent of petitioning the League of Nations against alleged violations of their religious liberties in the control given to the Zionist organization over Jewish religious observances, especially the slaughtering of animals.[1] Impartial observers in Palestine say there is an economic as well as a religious background for this attitude of the conservative Jews. They have lived in Palestine to study and practice religion supported by funds from their communities abroad which they could distribute at will. They were a small minority and had established friendly relations with the Arabs. Zionism has meant the centralization of all Jewish Palestine contributions in the Zionist organization; consequently the old Palestine Jews find their source of living gone—furthermore, they have shared in the general Arab hostility to Jews stimulated by Zionism.

In the main, the Jews of Palestine are behind the organization though their appearance and background are most various. There are the *Halutzim* or pioneers in the agricultural settlements, and the bourgeois in Tel Aviv and Jerusalem, some with considerable means. Poland has contributed the largest number of immigrants, but they also come from Russia, Rumania, Germany, Great Britain, the United States, Latin America, Turkey, Asia and Africa. The writer had an interesting talk in Petah Tikva with a beautiful but dark-faced Jewess recently from Yemen, who gracefully balanced a small jug on her head as she told of her enthusiasm for Zionism in the Yemenite dialect which was translated into Hebrew by her husband and then into

[1] Permanent Mandates Commission, *Minutes*, 6th sess., pp. 51, 150; 7th sess., p. 181.

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French by the guide. Hebrew is the living language of these settlers, though some do not learn it until after their arrival.

The policy of the Zionist agency seems to be directed along five lines:

1. They wish to find an economic opportunity for as many Jewish settlers in Palestine as possible. Whether the ultimate intention is political or cultural, the establishment of a considerable body of Jews in Palestine is the essential aim of Zionism, and all recognize that the opportunity is never likely to be more favorable than it is to-day. During 1920 some 10,000 Jews immigrated to Palestine. This figure fell during 1921, 1922 and 1923, but during 1924 the number was nearly 13,000 and during 1925 nearly 34,000. In the summer of 1925 the monthly increment reached 4,000. Since the war some 75,000 Jews have settled in Palestine. While the first comers were mainly *Halutzim* who either went to the agricultural colonies or labored on public works, about half the recent immigrants have been bourgeois of independent means who have settled in the cities, mainly Tel Aviv, a suburb of Jaffa which has grown from practically nothing to a city of 60,000 since the war.

The Zionist organization realizes the importance of selecting the immigrants. They say that only about one of ten applicants gets in, the selection being based on the trade, labor or agricultural qualifications of the candidate and the opportunities available in Palestine estimated for six-month periods. A member of the agency told the writer in the fall of 1925 that just then he needed no shoemakers or barbers, but 117 tailors. He said there was no sentimental consideration for the hardships suffered by candidates—no one gets in without definite prospect for employment. The system is controlled from Jerusalem by an elaborate *visa* system administered abroad by the British consular service. These restrictions formerly did not apply to immigrants of independent means (interpreted as over 500 pounds per family), those whose care is guaranteed by residents, and those of liberal professions or religious occupation. The ordinance of September, 1925, however, provided more rigorous control over these classes of immigrants.

For facilitating immigration and settlement, the Zionist or-

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ganization established in 1920 a fund known as the Keren Hayesod. It is subscribed to by Jews all over the world. In the administration of immigration laws the government seems to follow the advice of the Zionist Agency and in fact the immigration department is controlled by Zionists.

2. The Zionist organization is especially anxious to settle immigrants on the land and to this end to purchase agricultural lands. It has established the Jewish National Fund (Keren Kajemeth Lejisrael, Ltd.) which has purchased some sixty square miles (150,000 dunam) to be held permanently by the Zionist organization. It also supports the Palestine Land Development Company, which has purchased considerable areas of land for lease or sale to settlers. About half of Palestine's area of 10,000 square miles is thought to be arable, and of this the Jews owned 177 square miles before the war, and twice as much, 319 square miles (six per cent of the arable) at the end of 1925. As yet nothing has been done toward turning public or waste lands over to Jewish settlement as suggested by the mandate. At present about a quarter of the Palestine Jews may be found in agricultural settlements. These are considered the backbone of Zionism. Industrial development has not been rapid and Tel Aviv, which has lived mainly on the money brought in by new immigrants, is causing concern to many Zionists. Its people cannot live indefinitely by taking in each other's washing.

3. Zionists insist that Jewish culture must be kept permanently distinct from that of the Arabs. Gradual amalgamation of the Jewish and Arab population, they say, would inevitably lower Jewish standards, which are somewhat higher at present. It would also destroy the *raison d'être* of Zionism. They therefore use and mainly support their own schools, and keep their communities distinct, though some of these are adjacent to Arab colonies. There is a tendency for Jewish settlements to concentrate in geographical blocks, especially in the plain of Esdraelon, and in the vicinities of Jaffa, Caesarea and Tiberias. Some look with concern on this tendency, which may create hostile Arab and Jewish areas and promote a spirit of competition. Contrary to the situation in the days of Solomon, the

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Jews are now in the fertile valleys while the hill tops which they then occupied are in the hands of the Arabs. As a center of Jewish culture a university has been established on Mount Scopus, overlooking Jerusalem.

4. While insisting on the integrity of Jewish culture, the Zionist organization favors a policy of Jewish-Arab cooperation. They do not apparently contemplate evacuation of the Arab population but emphasize the mutual benefit to be gained in agriculture and industry through cooperation, the Jew giving capital and knowledge of Western agriculture and industrial methods, the Arab contributing his knowledge and experience of local conditions. Gradual elevation of Arab standards in sanitation, health, education, etc., the Zionists say, will result from these contacts, and there is no doubt that the Arabs have been stimulated to improvement in these directions.

5. Development of the economic possibilities of the country is generally put as a leading Zionist objective. For agricultural improvement they promote road-building, irrigation, afforestation and drainage. While the first two demand governmental initiative, the Jews themselves have done much of the last two in their colonies. For industrial development they have high hopes of the hydro-electric possibilities of the Jordan, and have already started several coal power stations and received concessions for water power. The mandate seems to allow preference to Jewish enterprise in such concessions.

How do the Zionists seek to justify their peaceful penetration of Palestine in the face of Arab opposition? Apart from the general recognition of the Balfour Declaration, the historic claim of the Jews and the deep interest of the fifteen million Jews in the world, they urge mainly the Jew's superior capacity to utilize the land and resources of Palestine. The world, they say, is so crowded that land can not be left to those who cannot use it to its utmost. The Arabs, they believe, have not made the most of their heritage. A land capable of supporting three millions can not be left to 800,000. As Englishmen occupied the lands of the American Indian through their superior ability to utilize them, so some one is going to occupy Palestine. If the Jews did not, the Italians would. They do not admit,

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however, that this peaceful penetration will be detrimental to the Arab. Quite the contrary. Swamps will be drained, deserts irrigated, industries started, commerce stimulated, and as a result space will be made for the Jewish immigrant, and the Arabs, far from being ousted, will share in the general prosperity. As examples, they call attention to Tel Aviv, which stands on what was a rolling sand-dune in 1908, and the numerous colonies in the plain of Esdraelon, which was inhabited for the most part by mosquitoes before the war.[1]

That some Arabs will suffer, they do not deny. The rich landowners who profit by the feudal land system and the political leaders who live on baksheesh and family prestige will find their positions undermined in the more modern conditions which will prevail. Such people, who have lived by exploiting the common man, the Jews say, are alone responsible for the opposition to Zionism. When the average Arab finds himself prospering in cooperation with the Jew he will desert these false prophets.

The Jews in Palestine look upon Great Britain and the mandate as their main protection against the Arabs; consequently they are not inclined to criticize the government. They are satisfied with its organization and with the recognition given to the Zionist Agency, and they say that it is loyally carrying out the Zionist policy as embodied in the mandate.

Of the administration of Sir Herbert Samuel, himself a Jew, they were laudatory, but they have expressed no complaint that his successor, Lord Plumer, is a Christian. In the Zionist Congresses the British government and the Zionist executive have been criticized for too much timidity in dealing with the Arabs, but the Zionist executive itself has generally approved of British action.

The Zionist organization sends a memorandum every year to the Mandates Commission through the British government. These are not in the main critical, as have been the various Arab petitions; but they have complained of the delay in carrying out Article 6 of the mandate which contemplates Jewish

[1] See remarks of M. Rappard, member of the Permanent Mandates Commission, *Minutes*, 7th sess., p. 104.

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settlement on waste and public lands, and of the meagre grants in aid to Jewish schools. Since the Jews use these schools almost entirely, they get little benefit from the public schools, to which, however, they contribute taxes.[1]

The Zionists appreciate the League of Nations supervision as an additional guarantee of the policy embodied in the mandate. They have noted with especial pleasure the refusal of the Commission and the Council to consider Arab petitions which attack the terms of the mandate itself.

The British Point of View

The British policy is formally based on the terms of the mandate. The government thinks that this demands, first, good administration. Sir Herbert Samuel in his retiring report, 1920–1925,[2] deals first with public security, then with justice, finance, communications, public health and education. Colonel Symes, the Chief Secretary, told the writer that he considered good administration of justice as of first importance, then maintainance of order and security, then road-building. These are the matters with which the administration is primarily concerned, and they benefit all inhabitants alike. Some of the officials regret that Palestine is a mandate rather than a colony, because they are afraid the mandate will terminate before long-time plans for improvement can mature, and that the continuous publicity given administration measures will keep purely political opposition alive. "Successful administration", said one official, "is possible only when no one is looking." This somewhat undemocratic attitude was continued by the remark that direct administration, as in Palestine, was more efficient and hence preferable to the indirect system of Iraq. "With the former," I was told by an official who had been in the India Civil Service, "one can really accomplish something toward building up the country." Administrators seem to like what

[1] See letter from Zionist Organization, Sept. 1, 1925, printed in Permanent Mandates Commission, *Minutes,* 7th sess., p. 183, and *Report on Palestine, 1920-1925, supra,* note 1, p. 390.

[2] *Supra, loc. cit.,* and statement of Sir Herbert Samuel, Permanent Mandates Commission, *Minutes,* 5th sess., p. 56.

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they have; in Iraq, British officials were more laudatory of the indirect system of advice to a native government, there in effect. According to their reports and figures, the British have improved security and justice, have built roads and somewhat increased prosperity in spite of unfavorable world conditions. The Arabs are more skeptical.

Next to good administration the British put the Balfour Declaration, which is incorporated in the mandate. This policy is recognized by the terms of the mandate itself as requiring some discriminations favoring the Jews—and others have grown up by practical necessity. Among such discriminations are recognition of Hebrew as an official language, though Jews constitute as yet but a small fraction of the population; the favoritism toward Jews in the grant of public service concessions; and (according to the mandate terms but not in practice) the preference to Jews in settling waste and public lands. The British have also recognized the advisory capacity of the Zionist Agency, put Zionists in charge of the labor and immigration departments, and refused to constitute a legislative assembly really representative of the population. With regard to civil and property rights, however, the British claim to treat Jew and Arab with impartial justice, as indeed the mandate requires.

With the justifiability of the Balfour Declaration the officials do not deal, nor do they discuss its compatibility with agreements and declarations made to the Hedjaz and the Arabs before its enunciation. It has been accepted, they say, by the fifty-five nations of the League in approving the mandate, by the Zionist organization and by the United States through congressional resolution.[1] Consequently it is a *fait accompli*. Neither Great Britain nor the League of Nations has given the Arabs any reason to think it will ever be revoked.[2]

The reasons which induced the British to make this Declaration on November 2, 1917, are an interesting speculation and

[1] Joint Resolution, 67th Cong., adopted by Senate, May 3; House of Rep., June 30; and approved by President Harding, Sept. 21, 1922. See also Stein, *Zionism*, chap. 4.

[2] *Supra*, note 1, p. 389.

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one to which the Arabs attach much moral importance. Most of them believe it was forced by Jewish financial pressure during the war. The more diplomatically minded point out the strategic interest of Great Britain in Suez, the advantage of having a foothold other than Egypt in its vicinity, the certainty that the Zionist Declaration would give Great Britain a better claim than France to Palestine, since France could hardly be protector of both Christians and Jews in the East, and the probability that, in view of the large Arab population, an administration protecting Jews in Palestine would have to remain there for a very long time.

Those who know Mr. Balfour say that the policy was his own and he was motivated less by either of these considerations than by the conviction that the Jewish problem needed solution and this was its solution. Zionism, he thought, would change the psychology of the Ghetto Jew by giving him an alternative to persecution. It would prevent international Judaism from becoming a menace to national states by giving the Jews a normal political objective, and would remove an important cause of international friction by eliminating pogroms which have followed Jewish economic pressure in certain regions. These advantages to 15,000,000 Jews and to the world in general he considered to outweigh any possible objection of the 700,000 Arabs in Palestine.[1]

Whatever may have been the reason for its original suggestion, it is now a *fait accompli* and the British consider themselves bound by it. They are, however, gradually interpreting and applying it in a sense less unfavorable to the Arabs. Thus the mandate itself makes the second half of the Balfour Declaration, "safeguarding the civil and religious rights of all the inhabitants of Palestine irrespective of race or religion," an independent duty, not merely a qualification of the duty of facilitating the national home for the Jews as in the original Declaration. Then the White Paper of 1922 declared that the national

[1] The history of negotiations leading up to this declaration is given in Stein, *Zionism*, chap. 4. See also Temperley, *History of the Peace Conference*, vol. 6, pp. 170-174.

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home meant a cultural home *in* Palestine not a Jewish state *of* Palestine.[1] Furthermore, the courts and the administration have emphasized to an ever-increasing extent the duty of protecting Arab rights. The Urtaz Springs decision is in point, as is also the administration's backwardness in settling Jews on waste and public lands because of anxiety to protect Arab squatters.[2] In a tract near Beisan, particularly, Arab squatters were allowed to buy public land on very easy terms. Finally the number of Jews in the administration has been steadily reduced and a Christian High Commissioner has been substituted for a Jew.

Next to good administration and the Balfour Declaration, the program of the British includes a determination to build up gradually institutions of self-government as required by the mandate, so that provisional independence can be recognized as contemplated by Article 22 of the League Covenant. Though some administrators favor direct administration, official enunciations of policy have always looked forward to representative institutions, and, as has been noted, proposals in this direction have been made, though they did not prove satisfactory to the Arabs.[3] Whether other plans can be devised for more self-government and put into effect remains to be seen.

Conclusion

Through much of history, Palestine has been in a state of political transition. So many political forces have always borne upon it that its equilibrium has seldom been stable. This is its situation to-day. Is it moving toward a more stable equilibrium? If so, what satisfaction will the various political interests receive?

It seems probable that Jewish immigration will continue and that the Jews will establish a cultural home in Palestine. They already have this to a limited degree. The men controlling the policy of the Zionist organization have more ability than the

[1] *Supra,* note 2, p. 399.

[2] *Supra,* note 2, p. 397; note 1, p. 405.

[3] *Supra,* note 2, p. 390.

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Arab leaders. In agriculture, engineering and commerce they have the best technical experts that western civilization can afford. They have the Balfour Declaration and the mandate which assures them the protection of the British Empire. For the time being they have money subscribed by Jews all over the world and immigrants ready to work hard in Palestine with little hope of immediate gain.

At present Zionism would end if based only on economic motives. Very few of the agricultural colonies, even those founded in the 1880's by Baron Rothschild, have made sufficient profit to repay the loans made at their foundation. Many of them require continuous subsidies to keep going. The Jews have higher standards of living than the Arabs and, for the most part, are not used to agriculture. The policy of subsidization may sap the sense of individual responsibility so necessary to success in agriculture. Some observers think pauperization, whether of religious workers or agricultural colonies, has been the bane of Palestine. Thus many of the Arabs think the Jewish colonies will never be economically successful and that with their keen commercial sense Jews will soon refuse to give either their money or their labor to a losing venture. Some Arabs insist that many of the Jewish immigrants are already discouraged and anxious to return—there has in fact been some emigration of Jews. The Arabs are even more pessimistic as to the possibilities of industrial development. They point out the lack of raw materials in Palestine and the impossibility of profitably producing by factory methods embroideries, brass and other art work for which the East is famous. These things are now made in the home by women who do not count their time. Factory workers could not compete if they received over a cent or two an hour.

A visit to the Jewish colonies and industries hardly bears out this pessimistic outlook. Furthermore, if the Arabs really believe Zionism is going to collapse because of its economic failure, why should they be so agitated about it? The Zionist communities generally look more sanitary and prosperous and the people more cheerful than the Arab communities. Some colonies, notably the Templar colonies, founded in the 1880's

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by experienced German farmers with a religious enthusiasm, were self-supporting from the start. Experts seem to believe the land has great possibilities with irrigation, afforestation, drainage and better communications.[1]

The Zionist colonies have experimented with various systems of communism, cooperation and individual ownership. The success of these ideas seems to depend much on the type of men and the conditions. It is interesting to recall that Plymouth, Jamestown and other early American colonies began with communistic ownership of land and goods. There seems to be a tendency in Palestine, as there was in America, for colonies to abandon communism when property begins to accumulate and men begin to think of old age and family responsibilities. Possibly when a pioneering colony starts with all able workers and no property, communism has advantages. This is the impression of some of the Jewish colonists who had had experience with both systems.

With a proper adaptation of advanced agricultural technique and of forms of organization which will permit of cooperation without destroying the incentive to effort, it seems probable that the colonies can be economically successful. While the prospects for industry and commerce are more doubtful, water power development and better communications will probably open opportunities.

Thus it does not seem improbable that Palestine can support two or three times its present population. Even if great profits are not to be looked for, the Jews believe Zionist enthusiasm is such that money can always be found outside and immigrants will be glad to come with the assurance only of a moderate living.

But though the Jews will probably establish a cultural home in Palestine, it seems doubtful whether they can establish a Jewish state. The Arabs would have tremendous Moslem support outside if the Temple area were jeopardized. The British are always affected by the Moslem populations of the empire,

[1] See Elwood Mead, Professor of Rural Institutions, University of California, *Agricultural Development in Palestine,* Report to Zionist Executive, July 23, 1924.

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and various other members of the League of Nations are affected by Christian and especially Roman Catholic influence. These powers would offer an insuperable political obstacle if, indeed, the economic capacity of the country to absorb immigrants were not reached before the Jews were numerically equal to the Arabs. Some Arabs, mostly absentees, are selling land to Jews, but it seems probable that the bulk of the Arab landholders will refuse to do so. There has not been much Arab emigration, and the Arab population has been increasing by the natural birth rate.

Apparently Arab hostility to Zionism has become less violent. The riots of 1920 and 1921 have not been repeated. This is doubtless partly due to assurances that the British administration will prevent a Jewish political control and partly to increasing prosperity. Arabs as well as Jews are profiting by the increased production of Palestine due to better administration, more capital and more technical skill.

One wonders whether Arab-Jewish antagonism would not largely disappear if the idea of the national home in Palestine were extended to other religions. A prominent Jew in Palestine said he thought intelligent Jews would not object if the mandate were modified so as to require expressly a national home for Christians and a national home for Moslems as well as a national home for Jews in Palestine. With this discrimination eliminated, Palestine might be conceived as a sort of religious preserve in which each of the three religious communities might be assured its sacred shrines and an opportunity to maintain a community of its own religion and culture. To maintain such a system there should be a certain balance of power within Palestine as well as the guarantees of the League of Nations without. Thus conditions should be such that the Jews and Christians, who have been in a minority compared with the Moslems, might increase their numbers.

With this conception of a religious preserve the idea of self-determination would frankly be inapplicable to Palestine. The religious interests outside would frankly be recognized as more important than the wishes of the present inhabitants. The idea of international preserves, for commercial and strategic reasons,

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as exemplified in Danzig, the Saar Valley, neutralized Switzerland, internationalized rivers, etc., is not unknown and would seem peculiarly applicable to Palestine. The Jews are singularly fond of making an analogy with Switzerland with its three races and languages and different religions, living in harmony under a guaranteed international status which has become all the more important since Geneva became the seat of the League of Nations. Switzerland, however, has developed a distinct nationality of its own. Such a development seems improbable for the three religious communities in Palestine. Thus in the latter a parliamentary government based on numerical majorities would not be applicable. Each of the three religious groups should be entitled to form an advisory body of equal weight irrespective of numerical strength in Palestine. Doubtless an impartial mandatory under the League of Nations would always be necessary to keep peace between the three groups. Great Britain, apart from her own strategic interest, is a leading Christian, Moslem and Jewish power and perhaps is best calculated to perform this service. Doubtless, however, she should be assisted by the Commission on Holy Places representative of the three religions, as contemplated by the mandate.

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LIPPUS BRANDOLINUS DE COMPARATIONE REIPUBLICAE ET REGNI: AN UNPUBLISHED TREATISE OF THE LATE FIFTEENTH CENTURY IN COMPARATIVE POLITICAL SCIENCE

THE treatise of Lippus Brandolinus, or Lippo Brandolini, comparing a republic with a monarchy (*De comparatione reipublicae et regni*) appears never to have been printed. Nor is it mentioned in works dealing with the political thought of that period. Yet it was written at the suggestion of the king of Hungary and Bohemia, Matthias Corvinus (or *Corvus*, as he is called in our treatise) the Great, the famous warrior son of John Hunyadi. It was then dedicated by its author upon his return to Florence after the death of Matthias to Lorenzo de' Medici, the Magnificent. Finally, following the deaths of both Lorenzo and its author, it was presented by the latter's brother, Raphael Brandolinus Junior Lippus, to Cardinal Giovanni de' Medici, the future pope, Leo X. In these respects there is a similarity to the history of *The Prince* of Machiavelli in the next generation, which was written in 1513, which Machiavelli in 1515 was thinking of dedicating to Giuliano de' Medici, which he addressed to Lorenzo de' Medici after Giuliano's death in 1516, and which was not printed until after Machiavelli's death. Yet I find no mention of Lippo Brandolini and his treatise in works on Machiavelli.

Our treatise is extant in a fine manuscript of the Laurentian Library[1] at Florence with illuminated title pages and two marginal miniatures of Lorenzo the Magnificent and the future Leo X. Both seem to be fairly faithful and realistic portraits, the one depicting Lorenzo with an ugly lower jaw, and the other showing Giovanni with his usual full-moon countenance. The leaves of the manuscript are not numbered, but the treatise is divided into three books. In Bandini's catalogue of the

[1] Laurent. Plut. 77, cod. 11.

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Laurentian manuscripts[1] this codex is dated as fifteenth century, but it must be of the very closing years, or perhaps of the opening years of the sixteenth century, as Lippo Brandolini did not die until 1497.

Gandolfo, who gives this date of Lippo's death in his work on celebrated writers of the Augustinian Order,[2] also gives his name as Aurelius Brandolinus, and this form is repeated in the catalogue of printed books of the Bibliothèque Nationale of Paris. In our manuscript, however, he is simply called Lippus Brandolinus. According to Gandolfo, he received the epithet, Lippus, because he was almost blind from birth, but this seems dubious in view of the fact that his brother, Raphael Brandolinus Junior, is also called Lippus in our manuscript. Matthias Corvinus was a patron of humanists, and Lippo Brandolini was one of the Italians who went to Hungary, where he taught oratory at Buda and Strigonia. Another was Galeotus Martius (Marzio) of Narni who went from Bologna to Buda to become secretary to Matthias Corvinus, tutor of his son John, who also figures in Lippo's work, and head of the royal library. A treatise on chiromancy by him is preserved in a manuscript of the sixteenth century at Padua.[3] Despite his proficiency in this art he died by a fall from a horse, which, as Josa remarks, the lines of his hand had not predicted to him. I think, however, that this form of divination could hardly be expected to foretell such a casualty, to avert which it would have been more germane to note the physiognomy of his steed or resort to the divination from horses which Tacitus ascribed to the ancient Germans.

But to return to Lippo Brandolini. He was noted for his

[1] A. M. Bandini, *Catalogus codicum manuscriptorum Latinorum et Italicorum Bibliothecae Mediceae Laurentianae Gaddianae et S. Crucis,* 1774-1778.

[2] Le P. Domenico Antonio Gandolfo, *Dissertatio historica de ducentis celeberrimis augustinianis scriptoribus ex illis qui obierunt post magnam unionem ordinis eremetici usque ad finem tridentini concilii,* Rome, 1704, 4to, 407 pp. Pages 85-89 are devoted to Brandolinus, and two columns to his *De comparatione reipublicae et regni* in the Laurentian MS.

[3] Padua Antoniana MS. XXII, 560, "Divinandi artes plurimae fuisse quis nescit . . . saturni ut dicunt aliqui." See A. M. Josa, *I codici manoscritti della Biblioteca Antoniana di Padova,* Padua, 1886, who mentions that a notice of Marzio was published in 1859 by Marchese Giovanni Eoli di Narni.

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great memory and could repeat all the thirty-seven books of Pliny's Natural History by heart, or at least all the chapter heads, noteworthy passages, and every fact of importance.[1] On his return from Hungary to Florence he became a member of the Augustinian Order and a preacher of renown. Matteo Bossi, a canon at the Lateran, wrote to Geronimo Campagnola in a letter quoted by Gandolfo, that when Lippo spoke, "we seem to hear not your Burleys,[2] Pauls of Venice,[3] or Strodi,[4] but Plato, Aristotle, and Theophrastus."[5] Speaking extemporaneously he could produce effects that illustrious poets have achieved only by an immense expenditure of midnight oil.

Lippo Brandolini composed numerous other works besides that with which we are here concerned. The list of them, chiefly religious in character, fills a column in Gandolfo's quarto volume. Several were printed in the course of the sixteenth century: an oration or sermon in favor of Thomas Aquinas delivered at Rome in the church of Santa Maria sopra Minerva to the cardinals and people;[6] another on the Passion delivered before Alexander VI at Rome, and issued in Italian translation in 1596 after earlier editions in Latin;[7] a dialogue ad-

[1] "Sed illud caetera superat quod omnem Plinianam Naturalem Historiam 37 in vol. discretam per singula cuiusque voluminis capita quam plurimis et praeclarissimis versibus extemporaliter enarravit praetermissa re nulla memorabili ac cognitu digna."

[2] Referring to Walter Burley or Burleigh, the English logician, schoolman, and commentator on Aristotle of the first half of the fourteenth century. The date of his death is disputed.

[3] Paul of Venice, who died in 1429, had a great fifteenth-century reputation in philosophy and astronomy, but was something of a plagiarist.

[4] Strodus was the author of textbooks in logic called *Consequentiae* and *Obligationes*.

[5] ". . . non Burleos, non Paulos Venetos, non Strodos, sed Platonem quidem Aristotelem, Theophrastum audire videamur."

[6] Oratio pro sancto Thoma Aquinate Romae in templo Sanctae Mariae Minervae ad cardinales et populum habita. Rome, without date, 4to. Copy in the Bibliothèque Nationale, Paris.

[7] *Oratione . . . delle virtù del I. S. Giesu Christo, mostrateci nella sua passione, cent' anni prima recitata in Roma, . . . di latino tradotta in volgare.* In Venetia, al segno del Leone, 1596, 4to, 20 pp. Gandolfo lists a Latin edition at Rome in the same year, 1596.

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dressed to Matthias Corvinus and his queen, Beatrice, on the state of human life and bearing of bodily illness (*De humanae vitae conditione et toleranda corporis aegritudine*), of which Gandolfo mentions the 1543 edition, while in the Bibliothèque Nationale at Paris there are two other editions;[1] the *Christian Paradoxes*;[2] and a humanistic treatise in three books on how to write, published first in 1549 with similar works by Vives, Erasmus, Conrad Celtes, and Christopher Hegendorph.[3] Raphael Brandolinus Junior, who presented his dead brother's work to the future Leo X, is represented by one work in print, a dialogue in which that same pope is concerned, but which seems not to have been published until the eighteenth century.[4]

We have already noticed a certain parallelism in external circumstances between the almost totally unknown treatise of Lippo Brandolini and the celebrated *Prince* of Machiavelli, both dedicated by Florentines to members of the Medici family within a score or so of years. There is also an internal resemblance that merits attention. It is notorious that literature is prone to adhere to tradition and slow to respond to changes in actual life and to reflect faithfully unaccustomed features of the present. The castle flourishes in novels long after it has waned in reality, and the factory and office are long denied in fiction the place that they have in fact. So for two centuries or more before the sixteenth unscrupulous and daring men had been creating or seizing despotisms for themselves by force and craft regardless of moral principles and Christian ideals. But

[1] *De humanae vitae conditione et toleranda corporis aegritudine ad Mathiam Corvinum Hungariae et Bohemiae regem et Beatricem reginam dialogus,* Basel, 1543, 8vo; Paris, 1562, 8vo, 63 pp.; Basel, no date, 8vo, 115 pp. In this work Brandolinus displays a favorable attitude towards princes in general and Italian despots in particular.

[2] *Paradoxa Christiana,* Basel, 15–3; Rome, 1531; according to Gandolfo. There is no copy in the Bibliothèque nationale, Paris. A digit is missing in the first date.

[3] *De ratione scribendi libri tres, numquam antea in lucem edita,* Basel, 1549, 8vo; Gandolfo also mentions editions of 1573 and 1585.

[4] Brandolini (Lippi Raph. iunioris), *Dialogus, Leo nuncupatus, cum notis, auctorii vita et additamentis,* Venice, 1753.

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the world had to wait for a Machiavelli before this fairly obvious situation of fact was adequately presented in words and impressed upon thought. And it has been noted by such modern students of Machiavellianism as Nourrisson and Villari that such previous works on the prince as those of Poggio and Pontano mark no approach whatever to the Machiavellian point of view, but are mere exercises in rhetoric and moralizing, and inferior to the previous political treatises of the scholastics.[1] Yet in their correspondence and travels the humanists occasionally let fall acute observations concerning contemporary political conditions. Poggio in inveighing against law and lawyers in the brief dialogues of his *Historia Tripartita* displays a cynical realism which, in the opinion of Walser, foreshadows the attitude of Machiavelli.[2] And Nourrisson has argued from the fact that the extensive plagiarism of Agostino Nifo in his *De regnandi peritia*, printed at Naples in 1523 and dedicated to Charles V, from *The Prince*, which then circulated in manuscript copies, passed unnoticed, that Machiavellian opinions were then more prevalent than has often been thought.[3] But this is saying that the soil was in a general way prepared for Machiavelli, rather than indicating particular works that were forerunners of his own.

Now the treatise of Lippo Brandolini can scarcely be called Machiavellian in tone, and it may be doubted if Machiavelli had ever read it or was influenced by it much, if he did read it. But it does discuss the relative merits of a republic and monarchy; and it does this primarily neither by the scholastic method nor with humanistic accumulation of classical allusions and examples, but by a comparison of the present constitution of Florence with that of the kingdom of Hungary, put into the mouths of a citizen of Florence and King Matthias Corvinus himself. It attempts to examine not merely the forms but the

[1] Nourrisson, *Machiavel,* Paris, 1875, pp. 186-187. Pasquale Villari, *The Life and Times of Niccolò Machiavelli,* translated by Mme. Linda Villari, London, 1898, II, 69-70.

[2] E. Walser, *Poggius Florentinus' Leben und Werke,* 1914, p. 258. And see Poggio Bracciolini, *Opera,* 1513, fols. 16-19.

[3] Nourrisson, *Machiavel,* 1875, pp. 227-234.

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actual working of these two governments. It lies open to the same charge as *The Prince* of favoring one-man rule in order to win the favor of the Medici family. And as a whole it seems an instructive example of the transitional character of political thought in the decades just preceding Machiavelli's great, if not epoch-making, book. Lippo Brandolini is, of course, much less original and much less brilliant than the man who was appointed secretary to The Ten in the year following his death. Much of his dialogue is trite or traditional; often his speakers do argue like the scholastics or, what is worse, orate like the humanists. A secondary feature of his book, like that of Machiavelli, is the appeal made to the history of the ancient Greeks and Romans. On the other hand, he gives both economic and cultural conditions an attention which they do not receive in the one-sided, though powerful, argument of *Il principe*. Argument, I say, but of course Machiavelli presented no argument in favor of one-man-rule as against a republic; he simply told a despot how to be a despot. Therein lies a fundamental difference between his book and that of Lippo Brandolini; and, on the other hand, they form natural complements one to the other. Lippo decides in favor of monarchy; Niccolò offers the budding despot a pocket guide-book—in place, some would have it, of the New Testament.

On the first page of our manuscript we read in illuminated capitals, "RAPHAEL BRANDOLINUS IUNIOR LIPPUS IOANNI MEDICI DIACONO CAR. S. MARIE IN NAVI. NUNCU. S.D."[1] Then follows for three leaves the preface of Raphael to the future Leo X. Then ensues a second illuminated title page upon which appears the legend, again in capitals, "LIPPI BRANDOLINI IN LIBROS DE COMPARATIONE REIPUBLICAE ET REGNI AD PRESTANTISSIMUM VIRUM LAURENTIUM MEDICEM FLORE. REI PU. PRINCIPEM PROHEMIUM." This preface to Lorenzo de' Medici in its turn goes on for some five leaves and one side

[1] The abbreviated words are presumably, "cardinali Sancte Marie in navicula nuncupate," and at any rate refer to the fact that Giovanni de' Medici was cardinal deacon of the church of Santa Maria in Domnica, also known as Navicella from a small marble boat which he placed in front of it.

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of another, after which we encounter yet a third illuminated title page and the opening words of the actual treatise, "*Gaudeo quidem omni tempore tua presentia, fili. . . .*" These words, "I indeed rejoice at your presence at any time, my son," are addressed by King Matthias to his son, John, who, as Lippo has just explained to Lorenzo in the prohemium, during the three days of carnival[1] spent by the crowd in luxury and license seeks out his father to engage in a learned discussion. As might be inferred from this, John is a bit of a prig, albeit of an inquiring turn of mind. He does not take any large share in the ensuing dialogue. He serves, however, to introduce it and dispenses such moral platitudes as, "For my kingdom can be taken from me, but wisdom cannot," leading his fond parent to exclaim in the words of the poet: "*Omnis enim in Ascanio cari stat cura parentis.*"

Proceeding to more serious discussion, John manifests a pessimism as to his own times which it will be well to note as a corrective to the rosy pictures of the Quattrocento and High Renaissance which have been drawn by more recent writers, though the same note of pessimism may be found in Petrarch, Salutati, and other humanists. John finds that "everything that was greatest and most flourishing among the men of old is now corrupted and almost extinct, so that the world seems to degenerate daily and somehow to be hastening to its end."[2] Passing over the arts, disciplines, and studies which all seem to him so enfeebled and diminished "that we scarcely retain a faint shadow of them," he asks, where are the kings and empires of old: the Assyrian, that of the Medes and Persians, but especially the great Roman Empire, long since "divided among many petty kings and tyrants"?

[1] This was possibly suggested by the allusions made in opening the dialogue in Cicero's *Republic* to "these holidays" (I, 9, "Dabant enim hae feriae tibi opportunam sane facultatem ad explicandas tuas litteras." I, 20, "Quam ob rem ut hae feriae nobis ad utilissimos rei publicae sermones potissimum conferantur"). In general, however, there does not seem to be any close resemblance between Lippo's dialogue and Cicero's *Republic*.

[2] "quod omnia quae apud veteres maxima et florentissima erant nunc labefacta et prope extincta sunt ita ut degenerare ab se quottidie mundus et ad finem quodammodo properare videatur."

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The discussion then dwells for a moment upon the problem of the reasons for the fall of the ancient Roman Empire. Different causes are assigned by different persons, John observes, some saying that Christianity has made us timid or cowardly. This bold approach to criticism of Christianity is not encouraged by Matthias who, very likely following Augustine in *The City of God*, ascribes the decline of Rome not to its adoption of Christianity but to its loss of its pristine virtues and its misgovernment of subject nations. But Matthias himself strikes a somewhat Machiavellian chord when he affirms that two things essential for empires are military discipline and lust for glory in the field, and justice and continence at home.[1] He enlarges upon the proficiency of the ancient Romans in these respects, such as the tremendous loads their soldiers could carry, while modern soldiers do not even carry all their own arms. He thinks, however, that horses are now overloaded with heavy protective armor, impairing their aggressive efficiency. He laments the present neglect of military training; points out that the Turks who are accustomed to military exercises from an early age have succeeded in carving out a great empire, and that his father, John Hunyadi, was able to check them only by restoring very severe military discipline in his army.

After this glorification of military virtue, if not of militarism, John gives the discussion a new turn by asking his father if it "would not be much better, if we all lived under some one republic?"[2] If he was not himself of royal line, he thinks he would prefer to live under a good republic, "because all things are better administered by many than by one."[3] Matthias asks in reply if one leader for an army or one pilot for a vessel is not better than many, but this presentation of stock examples is fortunately cut short by their agreeing to discuss the matter Socratically, and by the introduction of Dominic, a young Florentine knight, to uphold the side of republics since he lives in

[1] "Foris disciplina militaris et gloriae cupiditas, Domi iustitia et continentia."

[2] "Nonne igitur multo satius esset, pater, si omnes sub una aliqua republica viveremus."

[3] ". . . quia omnia melius a pluribus quam ab uno administrantur."

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one. He modestly attempts to refer them to the works of the philosophers on the subject. But Matthias will have none of this, being of the opinion that "an experienced citizen can dispute better concerning a republic and a king concerning a kingdom than can a philosopher."[1] Dominic then requests the privilege of speaking his mind freely without giving offense to Matthias's royal prerogative. To this suggestion the Hungarian monarch agrees heartily, saying, "We wish to find out the truth and not to contend for precedence."[2]

These fine words are not, however, any too well observed in the subsequent dialogue where Matthias too often does the lion's share of the talking, engaging in long harangues, and Dominic seems to yield to his flow of words and royal presence rather than to the force of truth. He remarks, in fact, at the end of the second book, "I have indeed very many other arguments for this which I might advance, but I am so weakened and overcome by your eloquence and your arguments that I dare say nothing further."[3] Again towards the close of the third book Dominic states that at first his arguments seemed invincible to him, but after he has heard the king "discussing the matter gravely and copiously, I seem to have spoken childishly and foolishly."[4] To this flattery Matthias replies that it is the force of truth and no merit of his that has overcome his opponent in the debate, but really what little Dominic gets a chance to say is apt to be much more to the point and to show more political sagacity and practical insight than the royal eloquence. Furthermore Matthias is made by Lippo to violate their proposed Socratic form of dialogue by embodying in his own speeches brief statements of the opposing arguments which might much better have been put in Dominic's mouth. This is perhaps

[1] "Ego enim exercitatum civem de rep. Regem de Regno multo melius quam philosophum disputare posse existimo."

[2] "Verum enim invenire volumus non de dignitate contendimus."

[3] "Habeo quidem alia permulta quae pro ea re possim dicere. Sed ita sum iam tua eloquentia tuisque rationibus debilitatus ac fractus ut dicere amplius nihil audeam."

[4] "Quum contra te audio graviter copioseque disserantem, puerilia quaedam et ridicula dixisse videor."

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true to royal psychology; otherwise we should have to say that Lippo has made very poor use of the dialogue form. It must be further noted that Matthias is permitted to catechize, quiz, cross-examine, and browbeat Dominic with the object of showing him inconsistent, while Dominic never exercises the same privilege in the case of his royal majesty. Another unfair advantage taken of Dominic is that when in Book II he has compared the commercial freedom and greatness of Florence with the isolation of Hungary and its inhospitability to foreign trade, Matthias complains that instead of arguing the question of republic against monarchy in general, Dominic is putting Florence against Hungary, whereas that is just what he himself has hitherto repeatedly been doing whenever it was to his advantage. Thus he has blamed all the particular defects of the Florentine constitution upon republics in general, and has treated Hungary as a normal monarchy, obscuring the fact that it really was elective and with an elected assembly which was neither created nor controlled by the king. We may meet with further instances of this furtive tipping of the argumentative scales in the favor of monarchy as we proceed.

Dominic opened with the contention that under a republic there is more liberty, superior justice and better laws, that all the arts and disciplines flourish more, and that the government is more stable than under a monarch. The first of the three books of the dialogue is devoted to this first point, whether there is more liberty under a republic than a monarch and, in this connection, to specific criticism of the constitution of Florence. Dominic begins by defining liberty badly as the power of each person to live as he wishes,[1] and is forced to qualify this as not including the right to commit crimes with impunity, and to distinguish between liberty and license—an antithesis as popular then as now. He has further to admit that the Florentines cannot clothe themselves, or eat and drink, or celebrate funerals and weddings as they choose, since all these matters are regulated or restricted by sumptuary laws. When he boasts that the citizens of Florence have to pay tribute to no one, he

[1] ". . . potestatem nimirum unicuique vivendi ut vult."

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has to admit that they cannot export or import freely, but have customs duties to meet the expenses of government. But he states that they levy these taxes of their own free will.

Matthias then questions if the Florentine method of choosing the magistrates by scrutiny and lot is free, and whether one man would not select them more intelligently. There follow some arguments of a sophistical or humorous turn, such as that if the nine priors are called "lords", all the rest of the citizens must be serfs (*servi*), and that if the priors cannot leave the palazzo of the signory except publicly, they have no liberty. The point is then made that the magistracy at Florence is weakened by too great division of power, and Matthias argues that since the magistrates and senate have not full power, they haven't liberty. The method of secret ballot is also criticized by Matthias. In regard to the voting by black and white beans dropped in an urn he asks, "Can one's opinion be adequately expressed by beans?"[1] He objects that one might have to vote for a measure of which one disliked certain features, and says to Dominic, "I see from your words that the citizens are compelled sometimes to say what they do not want, sometimes to keep silent as to what they do want."[2] He further objects to the secret method of voting in the senate that it enables bad men to conceal their character and prevents the good men from becoming known.

The office of podestà, called by Lippo *praetor peregrinus* in humanist style, is then attacked. Matthias objects to the calling in of a foreigner to administer justice, asking if Florence is so poor in good citizens. Dominic replies with dignity, "We are indeed able and we have the best of men in abundance in the city, but we think it wrong for one citizen to put another to death, nor do we think that any citizen can be immune from love, hate, anger, envy, pity, and other emotions on account of relationships, associations, friendships, clientage, and other bonds. But we think that a foreigner having no acquaintance

[1] "Potestne animi sententiam satis recte fabis exprimi?"

[2] "Video ex tuis verbis cogi cives ut nonnumquam quae nolunt dicant, nonnumquam taceant quae volunt."

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with us can easily remain free from all passion and render judgment impartially to all."[1] Matthias, however, further objects that he thinks it odd that they entrust all public matters to citizen magistrates but turn over private law to a stranger. "For how can one render justice aright to you who knows not your laws, your customs, your institutions?"[2] Moreover, to obtain the post of podestà one must curry favor with the citizens and especially with the aristocrats.[3] And in a short term of six months the podestà is unable to accomplish anything; "he scarcely becomes acquainted with men's faces and the lawsuits."[4]

Matthias then concludes concerning the liberty possible under the constitution of the republic of Florence, "But if you are free neither in ordinary life nor in the matter of taxation nor in magistracies nor in councils nor in the administration of justice, I do not see where that liberty of yours is, unless perhaps you think it consists in this that you are not subject to foreign nations."[5] Asked how much liberty his people have, Matthias asserts that they possess much more. Not only are they likewise subject to no foreign power, but they pay only a small annual tribute to their own king, they dress themselves and expend as much on weddings and funerals as they please, their assemblies and magistrates are not determined by lot or chance but by the prudence of their prince. The senate is elected by the whole kingdom, "for it is seemly that those who

[1] "Possumus quidem et habemus optimos viros in civitate permultos sed nephas esse ducimus civem civi morte afferre neque putamus civem quemque immunem ab amore odio ira invidia misericordia caeterisque affectibus propter cognationes affinitates familiaritates clientelas et alias necessitudines esse posse. Peregrinum vero hominem ob nullam nostri notitiam facili omni affectu carere et ius aequaliter omnibus dicere existimamus."

[2] "Quo vero pacto ius recte dicere vobis potest qui vestras leges vestros mores vestra instituta non novit?"

[3] I presume that *optimates* refers to the leading merchant families of Florence rather than to the nobility disqualified in 1293.

[4] ". . . vix vultus hominum causasque cognoscat."

[5] "Quod si neque in communi vita neque in vectigalibus neque in magistratibus neque in consiliis neque in iudiciis liberi estis, ubi sit illa vestra libertas non video, nisi forte in eo contineri arbitramini quod exteris nationibus non serviatis."

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are to take counsel for all should be chosen by all,"[1]—the familiar maxim of Justinian, Edward I, *et al.* The judges (*praetores*) are natives responsible to the king. How they are paid is not very clear, as Matthias gives the impression that in paying tribute the people have to satisfy the financial needs of only one person, the king, as against the numerous citizen magistracies of Florence. He charges that all the innumerable citizens of Florence feel free to lord it over and prey upon its subject provinces, while Hungary has but one king to do this, and the provinces count it rather a rare favor when he visits them. Dominic, however, refutes the former charge, saying that it was true of the ancient Romans but is not of the modern Florentines. As for the possibility of a bad and oppressive monarch, Matthias refuses to consider it, dismissing it with the verbal evasion that kings who rule otherwise than he does are tyrants, not kings. John, who for some time has been maintaining a discreet silence, is now asked by his father which liberty he prefers and says: "That of a kingdom. For a republic, as far as I can see, is not free but serves itself, and is oppressed with the greater servitude and solicitude, the better it is administered. For it is necessary that all be vigilant for the public good. The result is that no one can ever have any solid quiet and tranquillity, if he sets out to be a good citizen."[2]

The second book, opening with another illuminated page, passes on to discuss Dominic's second point, whether a republic is superior to a monarchy in justice and laws. Matthias points out that the ancient Athenians and Romans had single law-

[1] ". . . senatum e regno universo delectum decet enim ut qui omnibus consulturi sunt ex omnibus eligantur." And in the second book Matthias says: "Nos quoque Senatum habemus et quidem ex universo Regno delectum cui leges quas ipsi sancimus ostendimus eiusque iudicio atque auctoritate comprobandas tradimus. Legum tamen latio ut etiam Plato affirmat ad Regiam dignitatem proprie pertinet."

[2] "Regni. Resp. enim quantum intelligo non est libera, sed sibi ipsi servit eoque maiori servitute et sollicitudine premitur quo melius administratur. Omnes enim communi bono invigilare necesse est. Quo fit ut nulli unquam si modo bonus civis velit esse solida quies aut tranquillitas esse possit."

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givers, Draco and Solon, Numa Pompilius and Justinian; while the Israelites had their Moses; Crete, its Minos; and Sparta, its Lycurgus. When Dominic declares that it is surely preferable to live under the best law rather than under the best king, Matthias wants to know wherein there is any contradiction between the two, and how anyone can live under abstract law alone. Laws must be made by someone, and, once made, must be frequently modified and interpreted by man, "especially when the intention of the writer seems to conflict with what he has written."[1]

> Who can better amend or interpret them [i. e. the laws] than he who made them in the first place. Now that this was a single man, and he a King, is sufficiently abundantly declared. Therefore it is clear that a King is not the minister or instrument of the laws but is set over and dominates the laws. And since this is so, it is much better to submit to Kings than to laws.[2]

It is noteworthy that the word *Rex* or King is capitalized throughout Lippo's treatise, for even the word *deus* or God is often not capitalized in medieval manuscripts. Matthias goes on to contend that the mind of one man cannot be so easily corrupted as can the minds of many persons where the contagion spreads rapidly. After this affirmation of mob psychology, Dominic yields on the second point of justice and the laws in perplexed admiration, and the discussion turns to the subject of commerce.

As we have already noted, Matthias objects that Dominic's favorable comparison of Florence's commercial freedom and greatness with Hungary's isolation and inhospitable attitude to foreign trade does not apply to republics and monarchies in general, contending that the Frenchmen and Spaniards scour

[1] "Quid quum voluntas scriptoris cum scripto ipso videtur dissentire. . ." This was, of course, a matter that the great jurists of the Roman Empire took into consideration.

[2] "Quis eas melius vel emendare vel interpretari potest quam is qui de integro condidit? hunc autem unum fuisse et illum quidem Regem satis abundeque declaratum est. Regem ergo non legum ministrum aut instrumentum esse sed legibus praeesse dominarique perspicuum est. Quid quum ita sit multo satius est Regibus obtemperare quam legibus."

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the orb in quest of gain as much as the Florentines, while the men of the republics of Siena and Lucca usually do not go outside of Italy. However, Matthias further argues that commerce, cosmopolitanism, and intercourse between nations are bad and corrupting influences, perverting youthful morals, adulterating the language of the fatherland, and introducing lust and luxury.[1] Plato did well to locate his republic far from the sea.[2] Against the plea that trade in foreign commodities not produced at home is necessary for life,[3] Matthias declares that there is no region that does not produce all the real necessities of life in abundance, and that it is an insult to God's providence to hold otherwise. Matthias seems to favor a very simple standard of living indeed, since he bemoans that "we are all so sunk in luxury and incontinence that we seem in no way able to live without the use of bread, wine and oil."[4] "What madness 'tis to sail to the Ethiopic and Indian Ocean to search out there gems and pearls!"[5] He is proud that the Hungarian youth leave their land for others for the sake of letters, not of money. "And than this sort of travel none can be more worthy and honorable."[6] He fails, however, to explain why divine providence has not supplied Hungary with

[1] "Nam si verum ingenue fateri volumus quid obsecro est aliud quid bene institutas civitates corrumpat et ex optimis pessimas reddat nisi peregrini mores mutuaque comercia? Haec enim adolescentium mores pervertunt, haec patriam linguam adulterant, haec bene informatos animos illecebris lascivisque effoeminant et de ipso quasi modestiae et constantiae gradu deturbant. Haec cum peregrinis opibus ac mercibus avaritiam pariter ambitionem gulam libidinem et caetera foeda ac nephatia flagicia invehunt. Adolescentes enim domi pudice parce liberaliterque educati ubi mercaturae gratia ad exteras nationes se conferunt liberius vivendi proprietatem nacti patriam sensim continentiam parsimoniam deponunt . . ." etc. etc.

[2] "Plato quidem philosophorum omnium sine controversia princeps cum optimam remp. constituere vellet, hoc in primis cavit ut civitas ea procul a mari sita esset."

[3] "At indiget externis rebus vita non enim omnia nasci omnibus locis possunt."

[4] ". . . prolaxi tam omnes in hunc luxum atque incontinentiam sumus ut sine panis vini et olei usu vivere nullo modo posse videamur."

[5] "Quae vero malum dementia est ad ethiopicum aut indicum Oceanum ut gemmas inde et margaritas eruamus navigare!"

[6] "Qua quidem peregrinatione dignior atque honestior esse nulla potest."

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schools of its own. After reproaching the Italians with the sale of arms to the Turks, Matthias makes another right-about-face in his argument, contending that Hungary is actually more liberal towards commerce than the Florentines who place severe restrictions upon foreign goods and merchants. "You, therefore, are the ones who do not cherish commerce. You are the ones who violate the rights of nations. You are the ones who take away the communion of the human race."[1] Dominic thereupon offers the following very clear and well put explanation and justification of Florentine policy in this respect:

> Since we are in so large measure given to mercantile life and profess to supply others with an abundance of garments of every sort, we would surely seem to do ourselves an injury if we permitted others to carry on our own craft in our city, especially since we have in that line not only a large output but also a superiority in quality, so that no one could ask for more or better goods. But if we admitted foreign goods of this sort, we would not only lower our price but also our prestige. For by receiving foreign wares we would seem to argue openly either a scarcity or defects of our own wares. Since the opposite is true, we think that foreign woolens should under no circumstances be admitted, but we do not on that account do injury either to our citizens or to strangers. For since many merchants are citizens, they have themselves sanctioned this law, nor would they suffer anyone to modify it. Foreigners, moreover, among whom the same is in honor and esteem, employ the like law against us; and it is so arranged between us by tacit consent of nations for common utility that neither should bring to the other those wares from which these make their livelihood. But those who have no goods at all of this kind or only a few and of poor quality, they necessarily take goods from all kinds which are brought to them. And this is the reason why you who are given to warlike pursuits admit all wares of all nations. For you cannot exclude them if you wish to live comfortably. We cannot admit them, if we wish to preserve our state.[2]

[1] "Vos igitur estis qui commertia non colitis. Vos estis qui gentium iura perfringitis. Vos estis qui humani generis communionem tollitis."

[2] ". . . nos quum magna ex parte mercaturae dediti sumus profiteamurque nos aliis vestium omnis generis copiam posse sufficere, iniurii profecto nobis ipsis

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We next hear communism preached from the mouth of royalty, Matthias contending that in a republic there ought, logically at least, to be an equal distribution of wealth. Dominic retorts that the arts would decline without the incentive of private gain. Matthias insists that "mutual utility and necessity would retain the arts and all studies in the state."[1] As it is now, he pursues, what equality have you with your extremes of the very rich and very poor, whose whole mode of life is utterly different? How can such two extremes "be bound and united in any bond of virtue and equality?"[2] "But if all fortunes were middling so that one did not much exceed another, all envies and causes of contention would cease, and that equality which we desire would be preserved."[3] Dominic contends that a common standard of life is maintained by the sumptuary laws (but if so, why do men strive for a wealth which they may not spend?), that all Florentines are equal before the law, and have opportunities to acquire the arts and learning. But Matthias remains convinced that it would be better to have an equal

videremur esse si artis nostrae quaestum in nostra civitate aliis tribueremus: Praesertim quum habeamus in eo genere tantam non modo copiam verum etiam bonitatem atque praestantiam ut nemo neque plura neque praetiosiora possit desiderare. Quid si peregrinas eius generis merces admitteremus, nostris non modo praetium verum etiam auctoritatem minueremus. Videmur enim externis accipiendis nostrarum vel inopiam vel vitia aperte arguere. Quae quum contra sint, nullo modo peregrina lanitia censuimus admittenda neque propterea vel civibus vel peregrinis iniuriam facimus. Nam quum plerique mercatores sint cives ipsi hanc legem sanxerunt neque ei a quoque derogari patiuntur. Peregrini vero apud quos eadem ars in praetio aut in honore est eodem adversus nos iure utuntur: estque inter nos tacito gentium consensu ita propter communem utilitatem comparatum ut neutri ad alteros ex eo quo illi quaestum faciunt genere merces deferant. Qui autem vel nullas omnino vel admodum paucas eius generis et viles habent nimirum eos ab omnibus quae deferuntur accipere necesse est. Atque haec vobis qui bellicis rebus dediti estis causa est ut omnes omnium gentium merces admittatis. Excludere enim eas, si commode vivere vultis, non potestis. Nos admittere, si modo volumnus civitatem nostram conservare, non possumus. . . ."

[1] ". . . mutua illa utilitas ac necessitas artes et studia omnia in civitate retinerit."

[2] ". . . ullo virtutis aut aequalitatis vinculo iungi et connecti queunt?"

[3] "Quod si mediocres omnibus opes essent, ita ut alter alterum non multo excederet, omnes invidiae et contentionum causae cessarent et illa quam volumus aequalitas servaretur."

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distribution of wealth, and to allow the better citizens distinguishing marks of clothing, funeral monuments, and the like, since if no rewards are offered for virtue and nobility, who will strive for glory and the fatherland?

Is a republic or a monarchical form of government the more favorable to education and culture? Matthias points out that the city of Paris, though subject to the king of a people whom the Florentines call barbarous, far surpasses all the cities of Italy in the studies of the best arts. "For in it are always found about twenty thousand, sometimes even thirty thousand, hearers and students in all disciplines."[1] This is an interesting, though probably exaggerated, bit of testimony as to the size of the University of Paris. Matthias has to admit that Florence leads in painting and sculpture,[2] and Dominic contends that republics are more intent on the education of their citizens. Matthias replies that if Florence has more illustrious citizens than the capitals of monarchies and princedoms, this is due not to the difference in form of government but to the native genius of the Florentines, and he notes that many of them have left the city because their ability was not adequately rewarded there. He then goes off on a tangent in a set speech on the problem whether more is to be ascribed to education or to natural ability.

Matthias opens the third book, which evinces less plan than the two preceding books, by repeating his previous analogies from the desirability of one pilot for a vessel and an undivided command of an army. From reflections on Cannae and Fabius Maximus he is recalled by Dominic's suggestion, "Let us come to matters that are more related to our debate."[3] Matthias then advances other analogies: should not the father rule the household, and the headman the village? Dominic, however, objects that a state or city is another matter, larger, more difficult, and too much for any one man to govern. Four eyes see

[1] "Sed una parisiensium civitas Gallorum regi quam gentem vos barbaram appellatis subiecta omnes Italiae civitates optimarum artium studiis longe antecellit. In ea enim semper fere viginti nonnumquam etiam triginta auditorum ac studiosarum in omnibus disciplinis milia reperiuntur."

[2] "At pictura, inquis, et sculptura in nostra civitate magis florent."

[3] "Veniamus ad ea quae nostrae disputationi propinquiora sunt."

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better than two, many hands are stronger than one; a king more readily gives way to passion and becomes a tyrant than does the government by many persons; there is profit in common counsel; the work of a monarch is cut short by death, and if many share in the government, its continuity and stability are better assured. Matthias admits that these are strong arguments and difficult to answer, derived from that very rich source of all disciplines, the genius of Aristotle. Dominic, like the best of generals, has kept his most reliable troops in reserve.[1] Matthias, however, will continue the struggle, relying on the doctrine of divine Plato that the rule of one man is the best. He puts forward such a dubious argument as that one man can find the center of a circle better alone than with aid. A kind of compromise is suggested to the effect that the government of the many is perhaps safer because the best men are so few and hard to find, with Dominic agreeing that if one best man could be found, the government of the many would not be needed. He still feels, however, that in any case the rule of one man lacks stability and continuity, while Matthias objects to the rule of more than one man, that in the case of disagreement many heads are worse than one, and contends that under a monarchy there are no civil wars and discords, such as Siena has to contend with at the present moment, and Florence would, too, "if you did not have that best and most preeminent citizen, Lorenzo de' Medici, who by his virtue and authority moderates and rules the minds of the citizens."[2] To this Dominic heartily assents: "He is indeed, as you say, King, for whatever concord and happiness we possess we have received from him alone."[3] These compliments, however, might have been

[1] "Valide mehercule et efficaces sunt rationes istae dominicae et quibus responderi sine summa doctrina non possit. Quippe quae ex uberrimo illo disciplinarum omnium fonte aristotelis ingenio proficiscantur. Tu enim ut optimus imperator firmissimam aciem in postremis collocasti."

[2] ". . . nisi optimum illum et praestantissimum civem Laurentium medicem haberetis qui sua virtute atque auctoritate civium animos moderatur ac regit. . . . ."

[3] "Ita profecto est ut dicis Rex, quicquid enim concordiae foelicitatisque habemus illi uni acceptum fecimus. . . ."

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made more gracefully a few sentences earlier.[1] Matthias continues with other unconvincing arguments against a republic, such as that a tie vote may result between more than one person, that a single ruler will be above human ambition and passions, that the citizens of a republic may be so many tyrants using the state for their private ends.

Matthias then again returns to his inconsistent statement that he takes the advice of a senate popularly elected from his entire kingdom, which seems a combination of republican with monarchial government. But this now leads to a discussion of the place of a senate in a republic or monarchy. Matthias doubts if men engaged in the wool trade like the Florentines can make good senators, but Dominic assures him that they are the equals of the Roman senators of old. Matthias further holds that while such a senate may give advice, the single head should make the final decisions. Dominic, however, makes the penetrating observation that in that case the senators will not have a sufficient sense of responsibility, will be less interested as if dealing with another person's affairs, will act negligently and remissly, much like mercenary soldiers. Matthias denies this, asserting that patriotism and fear of punishment by the prince or devotion to his person will hold them faithful to their work.

The question is then raised whether republican forms of government really do enjoy a more unbroken continuity than monarchies, and against the regencies and interregnums of the latter are instanced the frequent seditions and civil wars in the republics of ancient Greece and Rome. Moreover, if republics lasted longer, they would be more numerous, but the greatest part of the earth once was and to-day is ruled by monarchs. Furthermore, a change is a good thing occasionally. As republics grow old, they degenerate, like everything else. It is even admitted that a revolution may sometimes be a good thing in a monarchy in order to eject a tyrant or introduce a worthy prince. Matthias then embarks upon a verbose discourse with many illustrations, including that of the office of dictator in the Roman republic, to prove his point that a single ruler can

[1] That is, after the words quoted above, "if one best man could be found."

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better promote concord. He concludes this discourse with the argument that inasmuch as tyranny is the worse government, therefore monarchy is the best, and then asks his son, John, what he is laughing at. John, however, was smiling at Dominic's discomfiture and not at the absurdity of his father's argument.

Dominic has one question left, nevertheless, and that is, Why then are there republics at all? Matthias then traces the evolution of Greek governments from monarchy to tyranny to aristocracy to oligarchy to republics, which of course is not the correct sequence historically. Finally the republics degenerated in their turn into democracies, "than which nothing more abject and detestable can exist, nor is any room left for further degeneration or collapse."[1] But it does not seem to occur to anyone that if democracy is really worse than tyranny, then a republic must be better than a monarchy, according to Matthias's own recent argument. Instead Matthias finds additional instances of royal rule among the bees, in the rule of the head over the human body, the sun's preeminence among the stars, and the supreme power of one God. Search the pages of history and the whole world over, and you will always find kings flourishing, while republics have been few and brief and far between. A word-picture of an ideal king is then sketched for John's edification, but Dominic, despite the criticisms that had earlier been lavished upon his city's government, is told to go on being a good Florentine "because there is both a great dearth of excellent princes, and your republic is governed by excellent laws and institutions."[2]

It is deserving remark that in addition to Plato, whom he once calls "without controversy the chief of all philosophers,"[3] and Aristotle, whom he elsewhere without much regard for consistency calls the "greatest of the philosophers",[4] Matthias

[1] ". . . quodem abiectior ac detestabilior esse nullus potest neque enim locus iam ullus degenerandi aut collabendi relictus est."

[2] "Quia et magna numere optimorum principum inopia est et vestra resp. optimis legibus atque institutis gubernatur." This also forms the Explicit of the treatise.

[3] "*Plato quidem philosophorum omnium sine controversia princeps. . . .*"

[4] "summus philosophorum."

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several times quotes Aquinas, and in almost every case for some pithy apothegm such as, "He pardons crows but censures doves," or "A king has more of aloes than honey," and that "Every sin increases in enormity with the prominence of the sinner." [5]

One naturally wonders to what extent Lippo's treatise was intended as political propaganda in favor of the aspirations of the Medici family towards a throne, but the problem offers much the same difficulties as does that of how far Machiavelli wrote *The Prince* with the Medici in mind. Lippo's work was professedly begun in Hungary at the suggestion of King Matthias, but in its present form seems more intended for a Florentine audience. The author is obviously better acquainted and more interested in the constitution of Florence than in that of the Hungarian kingdom, of which we get but a confused idea. Propaganda or not, our treatise may be taken as a prophetic leaf, showing that the political wind was blowing from republican Florence towards the grand-duchy of Tuscany, as well as in Europe generally towards monarchical absolutism. Our author, however, is still very far from the position represented by the doctrine of the divine right of kings. He prefers monarchy or one-man rule only in a rather vague way; it need not necessarily be hereditary, perhaps better not; his arguments lead us more to the idea of a patriot king, or even simply to the conclusion that a single executive is best. Lippo possesses none of Machiavelli's power of political generalization, and he repeats many time-worn ideas. But he has approached his subject from a somewhat novel angle, and he occasionally makes an acute observation. In part he has abandoned the method of political philosophy for that of political science, and the realm of the ideal for that of the practical. He also has ventured upon the comparative method, although it is really an ideal monarchy which Matthias represents as superior to the actual Republic of Florence. And of course Hungary was not

[1] "Nam ut Aquinas ait, 'Dat veniam corvis, vexit censura columbis.'" "Ut breviter Aquinatis verba exprima, 'Plus aloes quam mellis habet Rex.'" "Nam ut Aquinas ait, 'Omne animi vitium tanto conspectius in se crimen habet quanto maior qui peccatur habetur.'"

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a very good selection to hit upon for political comparison with Florence owing to their almost antipodal economic and cultural differences which, as our author seems more or less to suspect, serve to befog the issue. But we could wish that some particular monarchical state of the period had been subjected to the same specific practical criticism as is directed against the institutions of Florence. It will be noted, however, that the author of this specific criticism of the working of the constitution of Florence was a citizen of Florence. Perhaps the subject of a monarchy of that age, or even the ruler of the same, would not have dared to publish such specific criticism of his country's constitution. And that may be a sufficient answer to King Matthias.

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EUGENE PIERRE

I

FRANCE is the subject of many easy generalizations at the hands of those who are not French. The judicious student will be slow to accept unreservedly the greater part of such generalizations; but he will encounter one which perhaps has less superficial foundation than many of the others. He will be informed that the French temperament is such as to demand a rigid adherence to abstract principle and an uncompromising employment of logic and reason.[1] If he is a student of political science, there will be pointed out to him illustrations in the field of government. The political history of France, it will be argued,[2] affords ample evidence of an unwillingness on the part of French statesmen to seek a balance between counteracting forces. As particular examples of such evidence, the series of unsuccessful constitutions which followed the French Revolution will be cited. Each of these constitutions, it will be said, is the result of a belief that a governmental system ought to have as its basis a single principle, in order that the structure may present the appearance of a symmetrical and finished whole. If the student of government turns his attention to the Constitution of the Third Republic, he will encounter the exception which is felt to prove the rule. Where other constitutions proved failures, this Constitution has been successful; and the real secret of its strength is readily seen to be the combination of elements which experience has shown to be incapable of standing alone.

It is scarcely necessary to point out that the inadequacy of a constitution as a source of knowledge concerning the manner of

[1] E. g., Lowell, *Governments and Parties in Continental Europe* (2 vols., Cambridge, 1896), vol. I, p. 105; Bryce, *Modern Democracies* (2 vols., N. Y., 1924), vol. I, p. 208.

[2] That such a view is not confined to students who are not French may be seen by reference to Hauriou, *Précis de droit constitutionnel* (Paris, 1923), pp. 325 *et seq.*

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government in any country is particularly to be noted in the incomplete and asymmetrical structure of the three Constitutional Laws which are conventionally referred to as the Constitution of France. In order to make a beginning in understanding how France is governed, it is necessary to recognize that the provisions of the Constitutional Laws of 1875 are, in the first place, supplemented by laws passed previously to the establishment of the Third Republic and, in the second place, overlaid with statutes of a fundamental character passed in more recent years. Moreover, the serious student of French government must push his inquiry even further. In order to gain any real comprehension of the manner, and more especially of the spirit, in which the governmental system of France operates, he must give considerable attention to a group of provisions consisting of the standing rules which determine the organization and procedure of the two chambers of Parliament.

It is not eminently difficult to establish the proposition that in any country legislative rules of procedure may assume an importance fully equal to that of even constitutional stipulations. The mere citation of one or more examples is sufficient to show this clearly. There is, possibly, no single aspect of British government which is the source of so much admiration and even of envy on the part of thoughtful foreigners as the exclusive initiative of the Crown in the realm of public finance; and yet this matter is regulated wholly by certain Standing Orders of the House of Commons.[1] Again, an example, though of a different character, is to be found in the United States. If, as has been suggested and as appears not unreasonable, the government of the United States is to be considered primarily a government by committees, the student must recognize that it is rules of procedure[2] which establish complete systems of legislative committees.

[1] S. O., nos. 66 *et seq.*, especially no. 66: "This house will receive no petition for any sum relating to public service, nor proceed upon any motion for a grant or charge upon the public revenue, whether payable out of the consolidated fund or out of money to be provided by parliament, unless recommended from the Crown."

[2] *Rules of the House of Representatives*, nos. x *et seq.*; *Standing Rules of the Senate*, nos. xxiv *et seq.*

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Nevertheless, it is in France that legislative rules of procedure assume a character of transcendent importance. In that country perhaps more than in any other, the centre of gravity in the governmental system has shifted in the direction of Parliament. The latter has been unwilling that the enormous theoretical strength of the executive, due in large measure to the great degree of centralization in France, should in reality not rest in its own hands. Thus, the nice balance between executive and legislative which is the basic principle of true parliamentary government[1] has been thrown out of equilibrium;[2] and ministerial responsibility has been stultified to the point of becoming identical with ministerial subjection and instability. In order that Parliament may consolidate its position as the real governmental organ of the French nation, and that beneath the surface of weak and falling ministries there should be a reasonably unified and uniform legislative output corresponding to the development of opinion in the country, organization is of paramount importance and attention to procedure is a necessity.

II

In each of the French Assemblies, the group of rules which regulate internal organization and procedure is called a *règlement*.[3] The characteristic of French temperament which demands completeness and symmetry as well as unity and uniformity has been able to find in the formulation of the *règlements* of the Chambers a part of the satisfaction which was denied to it in the framing of the Constitution of the Third Republic. Where the latter was a provisional[4] document and is an excep-

[1] *Cf.* Redslob, *Le Régime parlementaire* (Paris, 1924), p. 1.

[2] The eminent Alsatian scholar, Redslob (*op. cit.*), distinguishes "le régime parlementaire dans sa forme véritable," of which the classic example is of course England, and "le régime parlementaire dans sa forme inauthentique," of which France is the principal example.

[3] This word should not be employed in the plural, as it sometimes is by foreign students, to designate the several rules of a French assembly. At a given time, there is only one *règlement* for each Chamber.

[4] That is to say, in the expectation of both monarchists and republicans, it would have its short day like the rest.

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tion in the series of complete constitutions which followed the outbreak of the Revolution, the *règlements*[1] of the present day are the most recent examples in a list of carefully prepared documents which have set out the internal law of the various legislative bodies established by those several constitutions; they have contained what has appeared valuable in the provisions of their predecessors; and though experience has from time to time rendered certain changes necessary, the French predilection for codification has caused to be maintained in the *règlements* a large degree of completeness and uniformity. It seems scarcely necessary to point out that in this respect they appear in marked contrast to the somewhat haphazard formulation and incomplete character of the Standing Orders of the English House of Commons and, in a lesser degree, of the rules of the American Senate and House of Representatives. It appears, therefore, a natural result that, whereas in England and America precedent is of primary importance, the effort is made in France to reduce to a minimum the authority of precedent in matters of procedure.[2]

During the existence of the French Parliament established by the present Constitutional Laws, the Chamber of Deputies has been possessed of two *règlements*;[3] whereas the Senate has had but one.[4] Both Assemblies formulated and adopted *règlements* in 1876. That adopted by the Senate, though much modified by subsequent resolutions, still serves at the present day as the

[1] The present *règlement* of the Chamber of Deputies, as will appear, supplanted the original *règlement*, adopted in 1876. The latter in turn was based directly on the *règlement* of the *Corps législatif* of 1870 (*J. O.*, mai-juin 1876, p. 3920). Again, the latter was the most recently elaborated complete *règlement* of a French legislative assembly. It is true the National Assembly was possessed of a *règlement* which, incidentally, was provisionally employed by the Senate and the Chamber of Deputies until their own were formulated and adopted; but this was a modified form of the *règlement* of the Legislative Assembly of 1849. The Senate based its *règlement* directly on the *règlement* of 1849 rather than on the modified form used by the National Assembly and provisionally, as has been said, by itself and the Chamber (*ibid.*, p. 3496).

[2] Pierre, *De la Procédure parlementaire* (Paris, 1887), pp. 30 *et seq.*

[3] The first adopted at Versailles, June 16, 1876; the second voted at Paris, February 4, 1915, and put into operation March 10, 1915.

[4] That adopted at Versailles, June 10, 1876.

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internal law of the Upper Chamber.[1] The *règlement* adopted by the Chamber of Deputies in 1876, which had likewise undergone many modifications,[2] was in 1915 replaced by a second *règlement*.[3] The latter, itself not without subsequent changes,[4] to-day regulates the internal order of the Popular Assembly.

III

From what has been said, it must be clear that the student who desires a real knowledge of the government of France must not neglect a study of legislative procedure. When, in this study, he wishes to push on beyond the information to be gleaned from the *règlements* themselves, there is but one proper direction in which he may turn. As an authority in the sphere of legislative procedure, Eugene Pierre, former General Secretary of the Presidency[5] of the Chamber of Deputies, stands alone in France. In an exhaustive work[6] of enormous proportions, he furnishes the student of French legislative procedure with all the facts and details which could possibly be desired; and in an interesting book[7] of much smaller size, he interprets

[1] V. Pierre, *Traité de droit politique, électoral et parlementaire* (6e éd., Paris, 1924), no. 448.

[2] *Règlement de la Chambre des Députés* (Paris, 1920), p. 2. *Cf.* Pierre, *loc. cit.*

[3] *J. O.*, 29 janvier 1915, Débs. Ch., pp. 72 *et seq.*; *J. O.*, 4 février 1915, Débs. Ch., pp. 92 *et seq.*

[4] *Règlement de la Chambre*, p. 2. Also *J. O.*, 1920, Docs. Ch., p. 109, no. 228. (*cf.* nos. 53, 123, 137, 141); *J. O.*, 27 janvier 1920, Débs. Ch., pp. 61-68; *J. O.*, 27 mai 1920, Débs. Ch., pp. 1652-1668. *Cf.* André Breton, *Les Commissions et la réforme de la procédure parlementaire* (Paris, 1922), pp. 34-36.

[5] One of the several senses in which the word *bureau* is employed in connection with French government is as an inclusive term for the President, four Vice-Presidents, eight Secretaries, and three Questors of the Chamber of Deputies. V. *Règlement de la Chambre*, art. 8; and *cf.* also Pierre, *op. cit.*, no. 419. The President, who in general corresponds to the British and American Speakers, directs and controls the legislative services of the Chamber, of which the most important is the Secrétariat Général de la Présidence, so called in order to distinguish it from the principal one of the administrative services of the Chamber, the Secrétariat Général de la Questure. V. *Règlement de la Chambre*, arts. 130, 131; and *cf.* Pierre, *op. cit.*, nos. 435, 440, 441.

[6] The *Traité* already cited.

[7] *De la Procédure parlementaire* already cited. There are still other fruits of

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the spirit of that procedure. Before an examination is made of these works, it will be well to write down a short account of the author[1] and of the circumstances which lend such weight to his writings.

Eugene Pierre received his education in Paris at the Lycée Louis-le-Grand. At this institution, the young man gave evidence of marked ability; and this ability, combined with tastes presaging the wide culture which he later manifested, would probably have carried Pierre into academic life, had not the early death of his father left him to be the sole support of his mother. The father had been an employee of the State, serving in the department of the *procès-verbaux;*[2] and into this environment the son entered during the year 1866. The position was that of a functionary in the *bureaux*[3] of the *Corps Législatif*,[4] this assembly being at the time presided over by Count Walewski. For the remainder of his long and useful life, Eugène Pierre continued in close contact with the legislative branch of French

Pierre's scholarship. The various published editions of the *règlement* of the Chamber of Deputies were prepared by Pierre as changes in procedure made new editions desirable; and they contain notes, analytical tables, and references to the *Traité*. The results of his labors on the history of French legislative assemblies were incorporated into his *Histoire des assemblées politiques en France du 5 mai 1789 au 8 mars 1876,* Tome 1er, 1789-1831 (Versailles-Paris, 1877). In this work, Pierre gathered together the early principles and precedents of parliamentary law to be found otherwise only scattered in such works as the *Moniteur,* the *Bulletin des lois,* the *Archives,* and the *Annales.* Of his first volume the author says (p. vii): "Mon but a été de prouver que le temps est le maître souverain du véritable progrès, que les peuples peuvent protéger leurs droits sans révolutions, et que les gouvernements peunent maintenir l'ordre sans coups d'état." His *Politique et gouvernement* (2e éd., Paris, 1896) consists of unconnected observations, without chapter arrangement, growing out of reflections during one of Pierre's rare vacations—a vacation spent without books and almost without papers. Other works include collections of laws, working manuals, and pamphlets.

[1] For further information concerning Pierre the reader may be referred to the opening speech of M. Herriot, President of the Chamber of Deputies, on July 7, 1925 (*J. O.,* 8 juillet 1925, Débs. Ch., pp. 3195-3196) and to an article by M. Gaston Deschamps in the *Revue politique et parlementaire,* 10 août 1925 (No. 369—T. cxxiv), pp. 223-240.

[2] *Cf.* Pierre, *Traité,* nos. 951 *et seq.*

[3] This is the more usual sense of the word.

[4] *Cf.* Pierre, *op. cit.,* no. 712.

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government. He saw the fall of the Second Empire, and in 1870 he was attached to the General Secretariat of the Presidency of the Assembly. In 1876 he witnessed the occasion on which the National Assembly, with scarcely a break in continuity, was supplanted by the present bicameral Parliament.[1] In the Lower House of this Parliament, he became General Secretary in 1885 under the presidency of Henri Brisson. The General Secretary remained at his post in the Chamber of Deputies until a few days before his death in July of 1925.[2]

Eugène Pierre will for a long time remain, as has been eloquently predicted by M. Herriot,[3] the model in France of the permanent functionaries who so faithfully and loyally serve the State with little remuneration and less fame. Those who have visited the Chamber of Deputies during a session of that body well remember the venerable figure of the General Secretary seated where he might at any time be consulted by the President over his right shoulder, and apparently unconcerned amidst

[1] *J. O.*, mars-avril 1876, p. 1609, p. 1627. *Cf.* Pierre, *op. cit.*, no. 448.

[2] Pierre died at the Palais Bourbon, where are located the offices of the General Secretariat and the residence of the General Secretary. Only a few days previously he had been at his post. The combined efforts and insistence of doctors, colleagues and friends were necessary in order to prevail upon him to desert his place. Frequent bulletins concerning his health were published in the daily press, and almost immediately these bulletins assumed character little calculated to be reassuring. The end soon came, notices of Pierre's death appearing in the evening papers of July 7 and in the morning papers of July 8. In announcing the death to the Chamber of Deputies, M. Herriot pronounced the eloquent discourse already referred to, which, in the laconic language of the *Journal officiel,* was received with "vifs applaudissements répétés sur tous les bancs" (*J. O.*, 8 juillet 1925, Débs. Ch., pp. 3195-3196). The Prime Minister, M. Paul Painlevé, on behalf of the Government, associated himself and his colleagues (*ibid.*) with the words of the moving homage just uttered by the ex-Premier. Pierre was accorded a funeral with military honors at the expense of the Chamber; and at his burial in the Cemetery of Montparnasse, there were speeches of glowing tribute, including an oration by M. Herriot (*Le Temps* and *Le Matin,* 11 juillet 1925). The new Secretary is M. Carrier, formerly *chef du service des secrétaires rédacteurs* (*Le Temps,* 9 juillet 1925).

[3] "Sachons honorer, messieurs, ces longues carrières des fidèles fonctionnaires de l'Etat qui, pour des rémunérations infiniment modestes (*Très bien! très bien*) . . . ne trouvent d'autre récompense à leurs fatigues que dans leur muet attachement au devoir (*Vifs applaudissements*). De tous ces loyaux serviteurs de la France, M. Eugène Pierre demeurera le modèle." *J. O., loc. cit.*

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the noise which nearly always and the uproar which not infrequently attends the debates of the representatives of the French people.[1] If the visitor had the good fortune to be conducted by an older Deputy or by someone else intimate with parliamentary life in France, he might have been told[2] that the pun[3] made by Jesus on Peter's name was often applied to that of Pierre:[4] on him was the French parliamentary system founded.[5]

It is not strange that so typical a Frenchman as Pierre should throughout a great part of his life be possessed of the idea and occupied by the task of codifying parliamentary law and of establishing its relationship to the constitutional and organic laws of France. The result was the epochal work already mentioned, the *Traité de droit politique, électoral et parlementaire*.[6] Of this monumental treatise,[7] which was prepared in the first

[1] On December 9, 1892, the anarchist, Vaillant, threw into the semi-circle of the Chamber of Deputies a bomb, which exploded there. The President, Burdeau, is supposed to have calmed the Deputies with a gesture of his hand and to have declared that "la séance continue". There is, however, a current rumor that the President on that occasion turned in his difficulty, as was not unusual, to Pierre, and that the latter is responsible for the declaration. Some support is given to this rumor by a sketch of the scene which was made by an eye-witness and which appeared at the time in *l'Illustration*. Near the right shoulder of the President is a figure which might well be that of Pierre. *Cf.* Lavisse, *Histoire de France contemporaine*, T. 8e, p. 176. M. Deschamps (*op. cit.*, p. 239) seems to admit no doubt as to the truth of the rumor; and he mentions a story, never encountered in France by the writer, that Pierre continued calmly at his work in 1870 when the fourth of September crowd burst in.

[2] M. le Marquis de Chambrun related the anecdote to the writer.

[3] Matthew, xvi, 18.

[4] The words for Peter and for rock being identical in French, the pun is even more exact than in Greek; whereas, of course, it is not apparent at all in the English translation.

[5] On one of his very last days, Pierre, when asked by his doctor if he was suffering less, made this characteristic reply: "Yes, for I know that the Chamber is not sitting to-day." *J. O., loc. cit.*

[6] This work has already been several times cited. Its analogy with May, *A Treatise on the Law, Privileges, Proceedings, and Usage of Parliament* (12th ed., London, 1917), and with Hinds, *Parliamentary Precedents of the House of Representatives* (8 vols., Washington, 1899) is especially interesting in view of the similar positions of the authors.

[7] It is not without interest to note an error which occurs in more than one work by American students of French government. The *Traité* is *in octavo*,

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edition with the collaboration of Pandra,[1] Pierre was able to bring out the sixth edition in the year before his death.

IV

The *Traité* does not lend itself well to review. In its more than thirteen hundred pages, containing an almost equal number of sections,[2] and in its supplement[3] of an even greater number of pages, there are to be found precedents on every conceivable point of French parliamentary law. Despite the difference mentioned between French and Anglo-American parliamentary law in respect of the place of precedent, Pierre has none the less been able to amass enormous illustrative matter. Nor does the author interpret his problem narrowly. In addition to the topics of parliamentary organization and procedure, he examines historically, analytically, and comparatively the fundamental character of French constituent, legislative, and executive power;[4] he gives his attention to the nature of French national sovereignty and to its manifestations in the election and dissolution of the political assemblies and in the election of the President of the Republic;[5] he draws the boundaries which define the proper spheres of the legislative and executive powers, determining the place in these spheres of such important and interesting matters as public finance and foreign relations;[6] he treats of the relations between the executive and the legislative branches of government and of the relations between the two

that is 8vo.; and it has been referred to as being in eight volumes! Once the mistake is made, it is natural that any scholar acquainted through such reference with the existence of the work rather than with its contents should make the same error.

[1] Pandra (Jules) et Pierre (Eugène), *Traité de droit parlementaire* (Versailles-Paris, 1878); *Supplément de 1879-1880 au traité de droit parlementaire* (Paris, 1879-1880).

[2] The *Traité* is usually referred to by sections; and inasmuch as the sections of the *Supplément* correspond with those of the *Traité,* one reference is sufficient for both volumes.

[3] 5e éd., Paris, 1924.

[4] *Livre premier: Répartition des pouvoirs politiques,* nos. 1 à 109.

[5] *Livre deuxième: Origine des pouvoirs publics,* nos. 116 à 353.

[6] *Livre quatrième: Limites des pouvoirs législatif et exécutif,* nos. 496 à 632.

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Houses of Parliament;[1] and he concludes with a treatment of certain matters of a special character[2] of which there may be mentioned parliamentary immunity and crimes against the public powers and the honors and remuneration of these powers.

It is, however, in the two books[3] which treat of the organization of the French Assemblies and of their procedure that Pierre's intelligent thoroughness and painstaking scholarship bear the fruit most valuable to the student of French government. The *Traité* is in a definite sense a commentary on the *règlements* of the Senate and of the Chamber of Deputies;[4] and though the many other topics treated form a proper background for a study of the *règlements*, it is in the field of parliamentary organization and procedure that the relationship between the *Traité* and the *règlements* is closest. Every stipulation of the latter is in the former a subject of minutest attention; and every precedent is fully set out accompanied by authoritative rulings. The *Traité*, for this reason, is distributed together with the *règlement* to all members of the Chamber of Deputies; and it is an invaluable book of reference.

The small book by Pierre to which reference has already been made as an effort to interpret the spirit of French legislative procedure is *De la procédure parlementaire*.[5] In it is contained not a little of the political philosophy of Eugène Pierre. It follows the *Traité* in the logical division of the subject of legislative procedure; and the two together—one giving the rules and precedents, the other the spirit[6]—trace the course

[1] *Livre cinquième: Rapports des pouvoirs publics,* nos. 633 à 682.

[2] *Livre septième: Prérogatives des pouvoirs publics,* nos. 1059 à 1199.

[3] *Livre troisième: Organisation des assemblées politiques,* nos. 354 à 495; and *livre sixième: Procédure des assemblées politiques,* nos. 683 à 1058.

[4] M. Deschamps (*op. cit.*, pp. 224-225), in speaking of the relationship between the *Règlement* and the *Traité*, says of the latter that it "est, en quelque sorte, une encyclopédie dont le *règlement* serait l'abrégé." He adds: "Tout bon député devrait avoir cette 'somme' dans sa bibliothèque et ce bréviaire dans sa poche."

[5] This work has already been cited. It is naturally closely related to the sixth book of the *Traité*.

[6] *Cf. Procédure parlementaire,* préface, p. 1: "A côté des règles de la procédure il y a son esprit. Les règles, nous avons entrepris . . . de les rassembler

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of legislative measures through their four important stages of initiation,[1] preliminary consideration,[2] debate,[3] and final voting.[4]

V

There is probably no greater problem in the practical business of government than that growing out of unlimited individual initiative in legislation. Since more measures will always be introduced into any legislative assembly than can reasonably be expected not only to become law but even to be considered, there results an inevitable problem: somewhere the flood of legislative proposals must be dammed and some selective process employed. So far the two principal expedients used for this purpose are the English practice of checking the flow at the very beginning and that of France and the United States amongst others, where the flood is allowed to gather an initial momentum only to be checked, at least effectively,[5] in committee. The English practice, for which not a little is to be said,[6]

dans le *Traité*. . . . L'esprit de la procédure, je voudrais l'exposer ici; je voudrais résumer en un petit nombre de pages la méthode générale qui préside à l'interprétation du règlement et à l'application des précédents."

[1] *Traité,* nos. 683 à 710 (*Procédure de l'initiative*); *Procédure parlementaire,* pp. 60 *et seq.*

[2] *Traité,* nos. 711 à 786 (*Procédure des travaux intérieurs*); *Procédure parlementaire,* pp. 49 *et seq.*

[3] *Traité,* nos. 787 à 967 (*Procédure des débats*); *Procédure parlementaire,* pp. 98 *et seq.*

[4] *Traité,* nos. 968 à 1058 (*Procédure des notations*); *Procédure parlementaire,* pp. 109 *et seq.*

[5] *Cf.* Bryce, *American Commonwealth* (2 vols., new ed., N. Y., 1917), vol. I, p. 159.

[6] Nevertheless, in England as in the other countries, according to Sir Courtenay Ilbert and others, the legislative machine breaks down each year, time being lacking for a consideration even of all matters mentioned in the Speech from the Throne. The opinion of the former Clerk of the House of Commons is found in *Parliament* (new and rev. ed., London, 1920), pp. 135-138, and in Redlich, *The Procedure of the House of Commons* (3 vols., London, 1908), vol. III, supplementary chapter by Sir Courtenay Ilbert, p. 207. The conventional remedy suggested is some form of "federal devolution", in reference to which there should be cited *Conference on Devolution* (Cmd. 692), London, 1920 (reprinted 1924). Mr. Harold Laski tells the writer that while recognizing the difficulty, he doubts that devolution is a possible solution. For ob-

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is not possible in the United States for two related reasons: there is in Congress no cabinet, and the individual member is inordinately jealous of his prerogatives. The first of these reasons for unlimited individual initiative does not exist in France, but the second is of such weight as more than to offset this. There seems to be no reasonable explanation for the silence concerning this subject on the part of Pierre, who appears to have been an ardent admirer of English procedure,[1] other than that he recognized the impossibility, in view of French temperament, of limiting individual initiative. About the power of the President of the Chambers to supervise legislative initiative to some extent, the former General Secretary has a good deal to say;[2] the differences of procedure in respect of private members' bills and Government measures,[3] though they are almost purely formal and of little practical importance, he explains at considerable length;[4] but of the desirability of limiting the initiative on the part of private members by giving to the government most of parliamentary time, there is no mention.[5]

Nearly every measure introduced into the French Parliament is at present forthwith referred to one of the grand committees,[6]

jections to devolution in its other aspects than that of saving time to the Parliament at Westminster, *cf. A Grammar of Politics* (London and New Haven, 1925), pp. 309 *et seq.*

[1] *Cf.* Deschamps, *op. cit.*, pp. 233-234.

[2] *Traité,* nos. 63 *et seq.; Procédure parlementaire,* pp. 62 *et seq.* This is not the place to enter into the question of the status of unconstitutional French laws; but it is not without interest to note that Pierre conceives the power of the President of the Chamber or Senate to be sufficient to refuse to receive and submit to his Assembly an unconstitutional measure.

[3] I. e. in respect of *projets de lois and propositions de lois.*

[4] *Traité,* nos. 683 *et seq.; Procédure parlementaire,* pp. 79 *et seq.*

[5] This statement has to some extent to be modified as regards financial measures. *Cf. Traité,* no. 66.

[6] *Règlement de la Chambre,* arts. 21-23; *Règlement du Sénat,* art. 18. The principal exceptions are proposed changes in the *règlements* and proposed changes in the suffrage laws. *Cf.* various *fascicules* of the *État des travaux législatifs.* There seems no good reason why *commission* should not be rendered *committee* in English. The French avoid the word *comité* only because of its association with excesses of the Revolution. Pierre's definition of *comité*

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this being true of private members' and Government bills alike. As in the United States, the further progress of measures is to a large extent dependent on the action of the committees. Accordingly, there exists in France, in a degree at least equal to that in America, a system of legislation by committee. This, however, is not all.[1] The grand committees in France have a relationship to the parliamentary executive which is of paramount importance. Not even a brief account of the results in practice of this relationship can be attempted in this place; but it may be observed that the grand committees are in part the effect and in part the cause of French ministerial weakness: they are on the one hand a manifestation of the need for parliamentary organization growing out of the preponderating position of the legislative branch of government; and they are, on the other hand, a powerful means by which the legislature maintains its supremacy. The fullest possible comprehension of this position of the grand committees in the French governmental system is absolutely necessary to the serious student. He must seek information from various sources;[2] but it is certain that if only one of these had to be singled out, the choice ought to fall on the work of Pierre. Here the student must needs with patience wade through exhaustive accounts[3] of French experience with Revolutionary *comités*, with *bureaux*, and with small special committees; he must give attention to hundreds of incidents and precedents; but the effort is worth while. He will have traced the evolution of the French system of powerful grand committees, and he will, as a result, have come to some

(*op. cit.*, no. 737) exactly fits a modern *grande commission permanente*. On the other hand, *commission* in English has its own connotation. Many French words are not accurately translated by their English prototypes.

[1] The writer has attempted a detailed account of the history and practice of modern French committees and their influence on ministerial responsibility. It is in the hands of publishers.

[2] In addition to the usual works on French Constitutional Law, mention may be made of the work of André Breton previously cited, which in spite of several errors, is a good introduction to the study of French government. In English, a valuable study is that of Mr. Lindsay Rogers in the POLITICAL SCIENCE QUARTERLY, vol. XXXVIII, nos. 3 and 4, Sept. and Dec., 1923.

[3] Especially, *Traité*, nos. 737 *et seq.*; *Procédure parlementaire*, pp. 49 *et seq.*

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understanding of the spirit of their workings. Without some comprehension of this, not even an article in the daily press from a special correspondent in France is in reality intelligible.

No generalizations appear possible or desirable concerning debates in the plenary sessions of the French Chambers. French debates differ from those in other countries only in certain particulars which result from peculiar conditions. The theatrical arrangement of the Chambers,[1] the precedence accorded to presidents and reporters of committees as well as to members of the Government,[2] the French temperament and its attitude towards oratory—these and many similar things are circumstances which determine the character of French parliamentary debates. Here again Pierre furnishes in an exhaustive way all the details of practice and all the precedents which the student could desire.[3] He possessed an unparalleled knowledge of these matters; for he had been in almost daily attendance at debates during half a century.[4] It is a natural result of such knowledge that he sets out facts in a simple way; and when he ventures to comment on them, it is in the same simple fashion. The suggestion of dogma disappears in the case of one speaking from profound learning and mature wisdom. No better example could be afforded than this commentary on parliamentary debate: "*Dans une Assemblée politique les discours ne sont pas destinées à mettre en lumière les talents personnels des orateurs; ils doivent être un simple échange d'arguments, l'exposé pratique des idées que chaque membre croit les meilleures en consultant sa conscience et son mandat.*"[5]

The final vote in a legislative assembly, since each member

[1] The Chamber of Deputies meets in what was, of course, formerly the theatre of the Palais Bourbon.

[2] *Cf. Règlement de la Chambre,* art. 43.

[3] *Traité,* nos. 787 *et seq.; Procédure parlementaire,* pp. 98 *et seq.*

[4] M. Deschamps (*op. cit.,* p. 225) observes: "Lorsqu'il parlait des innombrables 'précédents' qui pouvaient contribued à fixer un point délicat dans le mécanisme compliqué de la procédure parlementaire, M. Pierre semblait avoir assisté à toutes les séances tenues par les parlements depuis qu'il y a des hommes. . . ."

[5] *Traité,* no. 890.

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is at last reduced to the necessity of expressing himself simply either in the affirmative or the negative, would seem to be a simple matter; and yet that many considerations involving precedents are connected with the formality is evidenced by the fact that Pierre devotes a hundred and fifty pages to them.[1] Here as elsewhere the method and attitude of the great authority are clearly illustrated. The foreign visitor to the French Assemblies is likely to encounter an interesting and strange phenomenon. He is almost certain to notice boxes of voting tickets in large numbers located on a single desk; and he will be informed that one member, or even an attendant, will often cast votes for all absent members of a group. Such a visitor may possibly be excused a certain amount of amusement on hearing a member state to the President during a session that he had been recorded as voting in one sense, whereas, had he been present, he would have voted on the opposite side. Nevertheless, so much the Frenchman is Pierre that he merely mentions in passing[2] the possibility that this firmly fixed practice is susceptible of abuse, his chief interest being to give as precedent every incident which has resulted from this frank violation of the *règlement*. Yet, in connection with the practical "pairing" in England and America, he cannot resist this somewhat inconsistent comment: "*Un pareil système serait difficilement compris en France; notre pays de logique et de bon sens n'admet pas les votes résolus d'avance . . .*[3] However, it is perhaps not over-charitable to remark that there is less of inconsistency in a terse remark wedged in amidst dry exposition of the stipulations of the *règlement:* "*Au moment de prendre une décision les représentants du pays ne doivent de comptes qu' à leur conscience.*"[4]

[1] *Ibid.*, nos. 968 *et seq.* This is in addition to what is said in *Procédure parlementaire*, pp. 109 *et seq.*

[2] *Traité*, no. 1021.

[3] *Ibid.*, no. 1023.

[4] *Ibid.*, no. 1011.

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VI

It remains only to summarize Pierre's philosophy of legislative procedure. In his general attitude towards procedure, he appears to be interested less in ultimate conclusions concerning its character[1] than in its necessity and importance. For the most part, he contents himself with the view that rules of procedure are the internal law of legislative assemblies;[2] but whether or not such a use of the term *law* is technically accurate, he does not attempt to determine. He says that the *règlement* is the "*issue des lois constitutionnelles de 1875*":[3] he does not concern himself with the successive interrogations and negative replies of the constitutional lawyers as to whether its stipulations are to be considered law, contract, or ordinance.[4] The necessity and importance of procedure, however, he does not hesitate to affirm[5] with all the authority deriving from a long life in intimate contact with this procedure. Since in the modern state legislation is not only of primary and paramount importance but even necessary to its existence, so there follows as a simple corollary the fact of the importance and necessity of a definite method in making the law. Therefore, the first care of every legislative assembly should be to give itself a set of working rules.[6] This obligation it performs in the exercise of a well established right;[7] and though certain written constitutions

[1] Some attention is given to this matter in the first chapter of the writer's work on French committees already mentioned. The writer has also examined the general question of the legal nature of legislative rules of procedure in an article which is expected to appear in an early number of the *Virginia Law Review*.

[2] *Op. cit.*, no. 445.

[3] *Règlement de la Chambre*, p. 134 n.

[4] *Cf.* André Breton, *op. cit.*, Int., p. xxii; Esmein, *Eléments de droit constitutionnel français et comparé* (7e éd., Paris, 1921), T. II, p. 366; Duguit, *Traité de droit constitutionnel* (2e éd., Paris, 1921-1924), T. II, pp. 315, 317, *Manuel de droit constitutionnel* (4e éd., Paris, 1923), p. 431; Hauriou, *op. cit.*, p. 557.

[5] *Procédure parlementaire*, pp. 9-18.

[6] *Ibid.*, p. 19.

[7] In this Pierre is supported by the writers on French Constitutional Law, e. g. Esmein, *op. cit.*, T. II, p. 365; Duguit, *Organisation politique de la France* (Paris, 1924), in reality the fourth volume of the second edition of the *Traité*, p. 272, *Manuel*, p. 430; Hauriou, *loc. cit.*

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recognize this right and though arguments are not lacking to prove its existence,[1] the right may be deduced from the very nature of the legislative function.[2] It would be as undesirable as it is impossible for this function to be performed otherwise than according to a fixed plan. It results that rules of procedure should be clear and simple, in order to be known to the members of the legislature;[3] for the provisions of these rules have "often more influence than the Constitution itself."[4]

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[1] Pierre, *op. cit.*, pp. 10-18.

[2] *Ibid.*, p. 9.

[3] *Ibid.*, pp. 26-27. In the same sense, v. Thomas Jefferson, *Manual of Parliamentary Practice*, sec. 1; and *cf.* also *J. O.*, 1898, Docs. Ch., no. 250, pp. 3-4.

[4] *Traité*, no. 445.

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REVIEWS

The Public Life. By J. A. SPENDER. New York, Frederick A. Stokes Company, 1925.—Two volumes; xxiii, 236, v, 232 pp.

Mr. Spender as the new Macchiavelli here presents a text-book for modern statesmen. The complete politician, one discovers, will not be an autocrat like his sixteenth-century ancestors (and some of his twentieth-century contemporaries), nor will he be a Conservative or a Socialist. He may glance sympathetically both to the right and to the left but if he is wise he will choose to be an enlightened Liberal much like his mentor, the late editor of the *Westminster Gazette*. In two handsome volumes the author estimates the importance of the legislature as a forum for the public man, examines the methods of a number of successful politicians in England and America, considers the functions of the press in promoting their careers, and tries to furnish the aspiring statesman with some theory of economics, international ethics, and revolution.

This is an ambitious program. Perhaps the most interesting part of it is Mr. Spender's analysis of the qualities of leadership which have determined the success of great parliamentarians during his forty years' observation of the House of Commons. Among others, Gladstone, Campbell-Bannerman, Balfour, Asquith, and Lloyd George are briefly and trenchantly characterized. Campbell-Bannerman's eminence resulted from the absence of competent opponents; Balfour's, from popular awe of a philosopher. In 1903 Balfour's vacillating fiscal policy would have ruined anyone except himself. "But his reputation as a 'philosophic doubter', founded partly on a vague impression of his writings, but still more on the habitual scepticism of his political attitude, made it seem actually probable that this was his state of mind." Unlike American or continental statesmen, English leaders do not conform to a particular type. "The essential thing seems to be some capacity of projecting a picture of themselves on the public mind. It may be a homely picture or it may be a heroic picture, but it must be a picture and its outlines must not be blurred or vague."

Mr. Spender believes that 1890 marked a turning point in the relations between politicians and the press. The advent of popular journalism changed newspapers from humble allies to unstable friends or

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positive masters. When great circulation became the object, politics was no longer *de facto* news—it had to compete with the sensational and the amusing. Editorial comment became assertive rather than argumentative, cautious instead of constructive. "It is not an accident that the largest circulations are seldom or never on the side of advanced opinion. That follows inevitably from the fact that the readers of these journals, and those who advertise in them, are predominantly Conservative and are supposed to want Conservative opinions." Yet a marked though gradual reaction is discerned, especially in America, against syndicated futilities and disregard for political affairs. "Even the most serious of London newspapers would scarcely have ventured to give their readers the mass of material, comment and discussion covering the most complicated issues of foreign policy which the majority of American newspapers presented to their readers at this time [i. e., during the Washington Conference] and which a large number of them give daily at all times. From my own observation I should say that the quantity and variety of the news about Europe given in American newspapers far exceeds what has been provided in most English newspapers since the war."

It is probable that Mr. Harold Laski would derive some amusement from this book. Mr. Spender staunchly upholds the Sovereign Parliament and will tolerate no competition with it from subordinate political bodies. Yet in the next breath he warns it to recognize the limits of its capabilities, and later on he admits that it is not fully sovereign. His description of the relations between the Cabinet and the House of Commons will seem somewhat antiquated to readers of Low, Dicey and Anson, for he accepts the view of Bagehot that the tenure of ministries is essentially precarious, and that control resides fundamentally in the lower house rather than in the Cabinet. Consequently it is intolerable to him that the trades-union organization should dictate the policies of Labor governments, although this view is strongly maintained by Mr. G. D. H. Cole.

Being a Liberal, Mr. Spender looks upon third parties as permanent and desirable organizations. Yet he admits that there must be a change in parliamentary technique if the cabinet system is not to be thrown into hopeless confusion. He hesitates to advocate a bloc arrangement after the French plan with a fixed term of life for parliaments and waiver of the prime minister's right to dissolve at discretion. Such a plan leads to evanescent ministries whose time is occupied in bargaining for support rather than in governing the

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country, and permits the control of affairs to slip more and more into the bureaucratic grasp of permanent officials. Without changing the present machinery, he conceives that British parties might form gentlemen's agreements to support each other with some permanence, if legislative proposals were worked out by consultation beforehand. The lack of such an *entente* was fatal to the Labor Government.

It is possible that prolonged contemplation of Parliament has led Mr. Spender to overestimate its importance in English politics, and he ignores almost completely the vital relationship which exists between the statesman and the party machine. Yet his essay will be welcomed as a suggestive commentary on other aspects of the problem of political leadership.

D. O. WAGNER

REED COLLEGE

The Life of Elbert H. Gary: the Story of Steel. By IDA M. TARBELL. New York, D. Appleton and Company, 1925.—xii, 361 pp.

From the day of its organization in 1901 the United States Steel Corporation has been the storm centre of heated denunciation and eulogistic defense, part of the defense taking the form of three volumes of *apologia* intended as a supplement for the general public to the annual reports, the public hearings and the briefs and court decisions which are the chief sources of information for the facts. The first of these books, A. Cotter's *U. S. Steel, a Corporation with a Soul*, is sufficiently revealed in its title. The second, M. Olds's *Analysis of the Interchurch World Movement Report on the Steel Strike*, was, in its statistical chapters, so full of garbled quotations, misleading "statistics" and inaccurate statements that no one paid serious attention to it except those who were already convinced that the Interchurch Report was conceived in anarchism and born of Bolshevism. The most recent of these popular volumes, and in many respects the best of them, is Miss Ida M. Tarbell's *The Life of Elbert H. Gary: the Story of Steel*, meaning the story of the U. S. Steel Corporation.

Gary, the man, is to Miss Tarbell a paragon of all virtues. From those early days when he allowed his mother to "scrub his ears without a fuss," until the later ones in which he compelled his fellow directors of the Corporation to desist from their practice of matching for the twenty-dollar gold pieces of the absent members of the board, he was always the "verray parfit gentil knight." Miss Tarbell has had the use of a wealth of original material to which no previous investi-

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gator has had access, but when one remembers the rough-and-tumble sort of business conflicts through which Mr. Gary won his way and the character of many of the men with whom he had to deal, one cannot but suspect that her conclusions do more credit to her heart than to her powers of analysis.

More important, however, than the justness of her characterization of Judge Gary is the question of Miss Tarbell's methods of utilizing the available materials on the history of the Corporation. Since it is obviously impossible in a brief review to answer this question specifically for the entire book, further comment will be chiefly concerned with her treatment of the labor relations of the Corporation.

On pages 161 and 279 we are told that the Corporation adopted an "open shop". Correctly defined, that term means a shop in which union and non-union men work side by side with no discriminations against either. On page 223 Miss Tarbell admits the use by Corporation subsidiary officers of blacklists and of discharges for union membership. During the Pittsburgh Survey, in the testimony before the Stanley Committee in 1911, and again before the Senate Committee which investigated the strike of 1919 it was fully demonstrated that throughout its history the Corporation has regularly blacklisted and discharged men because of union membership. The Corporation has never maintained an honest "open" shop.

The twelve-hour day is partly excused (p. 286) on the ground that the workmen practically forced it on the industry before the Corporation was organized. Its retention for eleven years after its vigorous condemnation by a committee of Corporation stockholders is excused on the ground of war needs, the difficulty of securing cooperation from independent producers, and the "big increase in expenses" involved. War needs undoubtedly delayed the reform for a part of that period, but in view of the ease with which the Corporation was able to secure cooperation in reference to price policies and in other directions, the second reason is not convincing. Moreover, there is ample evidence that the claim that the change involved a "big increase in expenses" is unwarranted. That evidence may be found most easily in the *Report on Conditions of Employment in the Iron and Steel Industry* by the federal Bureau of Labor, the two reports of Mr. H. B. Drury to the Cabot Fund, and the publication of the Federated American Engineering Society, *The Twelve-Hour Shift in Industry*. Miss Tarbell could have done a real service by securing data from the Corporation on what its two years' experience has proved. The independent plants are in some cases claiming reduced labor costs. In the

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absence of exact information, the earnings statements of the Corporation since the change was made suggest that its labor costs have at least not materially advanced.

The discussion of the fluctuations in the percentage of twelve-hour men in Corporation plants contains the claim that the decrease of that percentage from thirty-two in October, 1920, to fourteen in April, 1922, resulted from "the seriousness and insistence of his [Mr. Gary's] exhortations" (p. 292) on the subject. In April, 1922, the Corporation's business was still in a very low state. A study of the available data shows that during depressions the percentage of Corporation twelve-hour workers dropped and dropped materially. This fact Miss Tarbell does not mention.

When the Corporation purchased the Tennessee Coal and Iron Company it inherited a policy of using negro convict labor in its mines. As Miss Tarbell tells the story (p. 310) the president of the Tennessee Company, Mr. George G. Crawford, took up the renewal of this contract with Judge Gary when it ran out. "Think of that," she quotes the Judge, "I, an Abolitionist from childhood, at the head of a concern working negroes in a chain gang, with a state representative punishing them at a whipping post"! "Tear up that contract," he ordered. "It is not necessary to consult anybody. I won't stand for it."

Some additional data are found on this matter in the Hearings before the Stanley Committee (vol. IV, p. 3112), a document to which Miss Tarbell refers in other connections. The Corporation acquired the Tennessee Company in the fall of 1907. From that date until the fall of 1911 the latter renewed its contract for this convict labor once a year, but in 1911, through a misunderstanding, the details of which are unimportant, the Tennessee Company was not allotted any convicts after January 1, 1912. In a letter of November 24, 1911, its president protested vigorously to Mr. J. G. Oakley, Chairman of the Board of Convict Inspectors. Mr. Oakley testified that he refused to make any change and that a "strenuous effort" was then made to convince the governor of Alabama, who had final power over the contracts, that the Tennessee Company was offering a better contract than those the state had substituted for it. It was probably at this point that Mr. Crawford went to Judge Gary, and Judge Gary no doubt reacted in the fashion Miss Tarbell describes when faced with the question of making a determined effort to secure again a share of the convict force; but one's enthusiasm for his zeal as a reformer is materially cooled by a consideration of its delayed manifestation.

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The foregoing constitute about one-fifth of the internal inconsistencies, inaccuracies, misinterpretations of data, and partial use of available material which have been noted on the topic of labor alone. The net result of these deficiencies is to obliterate the essential characteristics of the Corporation's labor policy: paternalism and autocracy. Its consistent refusal to deal with its employees collectively is directly in conflict with the spirit of the times and constitutes a serious blemish on that industrial statesmanship which is ascribed to Judge Gary.

In other sections of the book Miss Tarbell makes out a good case for the position which the Supreme Court upheld in 1920; viz., that as compared with numerous other combinations the Corporation is a "good" trust; and that it has done much more than the great majority of concerns to make its affairs public. Moreover, the entire book is written in a most entertaining fashion, contains a wealth of interesting and enlightening material on numerous personalities in the steel industry, and throws a deal of light on episodes in the history of the Corporation not fully covered elsewhere. Despite these unquestioned merits in the work, however, the reviewer must record his conviction that Miss Tarbell is led by her personal admiration for Judge Gary to see all the acts and policies of the Corporation through a rosy haze—a striking contrast to the acutely critical and scathingly condemnatory attitude she displayed towards the Standard Oil combination a generation ago. So times change!

CHARLES A. GULICK, JR.

COLUMBIA UNIVERSITY

London Life in the XVIII Century. By M. DOROTHY GEORGE. New York, Alfred A. Knopf, 1925.—xi, 452 pp.

MRS. GEORGE'S book forms part of a collection entitled "The History of Civilization," which is made up of studies originally published in the English language and of translations of several French contributions to the series known as "*L'Évolution de l'Humanité*".

The author of *London Life in the XVIII Century* is chiefly concerned with proving that the beginning of the nineteenth century marks a very definite step forward in social progress. The viewpoint she adopts seems to be a reaction against the theory cherished by thinkers of the Guild Socialist persuasion that the eighteenth century was the beginning of a dark age "in which there was a progressive degradation of the standards of life under the blight of a growing in-

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dustrialism" (p. 1). It may readily be granted that the "golden age" which some writers seem to think preceded the industrialization of England is purely mythical; many of the social evils of the nineteenth century—such as child labor—existed undoubtedly long before the introduction of the Factory System. Nevertheless, when Mrs. George claims that so much progress was made during the years 1700–1800 that "by the end of the century we are in a different world" she seems to write history from a standpoint no less imaginative than that of the Guild Socialists.

In the Preface the author announces that her book "is an attempt to give a picture of the conditions of life and work of the poorer classes in London in the eighteenth century", and, carrying her description well beyond the close of that century, she tries to show that these conditions were far better in 1820 than they had been a hundred years before. It is very easy to prove, as Francis Place does, that the nominal wages of the London workmen rose enormously between the years 1761 and 1813, largely owing, as he says, to the strikes which took place in spite of the Combination Laws. But it is not at all certain that the increase in wages kept pace with the rise in the cost of living. Indeed, the documents which Mrs. George quotes in the notes to chapter iv seem to indicate that the price of food and other necessaries rose out of all proportion to the advance in the workmen's pay.

To prove that an amelioration of social conditions had taken place, instead of making a careful investigation of the rudimentary statistics of the period, the author contents herself with quoting general assertions such as that made by Francis Place in 1824 to the effect that "there are no such groups of half-starved, miserable, scald-headed children with rickety limbs and bandy legs as there were in the days of my youth". If this statement is to be taken literally, then the social conditions of London in 1824 must have been even superior to those prevalent in the East End slums of the twentieth century. This is very doubtful. Place himself notes the year 1826 as a time of "much distress" and says that "real wages have not increased", though he adds that "frugality, sobriety and better management and self-respect have greatly increased."

The transformation which Mrs. George sees in the social conditions of the working classes of London seems to belong rather to the spiritual than to the material domain. She perceives a "revolution in opinion comparable with conversion—with that change of heart which is a phenomenon of individual experience" (p. 17). Thus the workman learns

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in the eighteenth century to practise the virtues of "frugality, sobriety and better management". The upper classes, too, undergo a spiritual revolution; smitten with what Mrs. George calls "social compunction" they are led to found in 1796 the "Society for Bettering the Condition of the Poor". At the same time "charitable associations of various kinds devoted themselves to reformatory and rescue work, to education and to many other things" (p. 11).

London Life in the XVIII Century contains a mass of extremely interesting material, collected with great care. When, as in the third chapter, Mrs. George loses sight of her theory of social uplift, and confines herself to her carefully collected data, she proves herself a social historian of great value. This chapter treats of the life of the immigrant in London at that epoch. London, like New York a hundred years later, was the home and refuge of European workmen driven, for one reason or another, from their native towns. The presence of the newcomers in London led to the same problems which later beset New York. The foreign workmen were accused of bringing the lower standards of living to the new country. Especially was this accusation leveled at the Irish, of whom there were a great number in the city.

GRACE M. JAFFÉ

PARIS

The Intimate Papers of Colonel House. Arranged as a Narrative by CHARLES SEYMOUR, Sterling Professor of History, Yale University. Volumes I and II. Boston, Houghton Mifflin Company, 1926.—xxiii, 471; ix, 508 pp.

This is the most important contribution yet made to the history of Woodrow Wilson's presidency, and the controversy excited by it offers striking proof of the passionate interest that the late President has for friends and foes alike. But the polemics have done little to establish the book's place in historical literature. Irreverent critics regard it as merely one more attempt, by another of Woodrow Wilson's political associates, to claim credit for his achievements and deny responsibility for his mistakes, and chortle accordingly; cynics aver that the purpose was to capitalize anti-Wilson feeling for financial profit or even to have revenge for the rupture of 1919; others have been content to exploit certain sensational episodes or to play up striking revelations. But if Colonel House had any personal axes to grind, he would hardly have left the matter to a professional historian or have "agreed that no essential document which might affect

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the historicity of the narrative might be omitted." Saying, "I was and am a partisan of Woodrow Wilson," he has apparently been content to let his documents and his diary tell their own story, even when they portray him as somewhat condescending. The charitable attitude is to accept the book as an invaluable contribution to the history of our time.

The Colonel himself does not suggest that it is more. Professor Seymour was able to use Wilson's letters to House, but he has not been allowed to publish them, and summaries and paraphrases cannot give an adequate notion of what the occupant of the White House was thinking. Indeed, the book tells us surprisingly little about Woodrow Wilson as a man, though he is supposed to be "the central figure of the story." This is no fault of the Colonel or his scribe; but until the President's papers are published, judgment must be suspended on the exact relations of House and Wilson. With this reservation, everyone will recognize the high value of a book which throws light on many episodes of Wilson's career, makes a proper number of revelations, and places the foreign policy of the United States from 1914 to 1917 in a new perspective.

For the first time an adequate picture is given of Colonel House's extraordinary rôle in the political fortunes of Woodrow Wilson. Much had been suspected or guessed at, little known positively. Chief promoter of Wilson's nomination in 1912, party manager and strategist, manipulator of local bosses, wheedler of Bryan, cabinet-maker, mediator between cabinet members and the President, dispenser of patronage, confidant of those who desired legislation, whip of Congress, and many other things, the Colonel was an admirable buffer between the President on the one hand and the politicians and the public on the other; all the more useful because he sought nothing for himself, except, of course, the ear of Wilson. In foreign affairs, he was the real Secretary of State: it was with him that ambassadors conferred, it was he who kept foreign questions constantly before the President and repeatedly outlined the policy to be pursued. In short, the Colonel was the President's "other self", his "silent partner". At least, that is the general impression conveyed by the narrative. Was he really so?

Reading between the lines, one begins to doubt. Clearly, in the first years of the administration, House was on terms of intimate personal friendship with Wilson, but by 1917 there seems to have been a loosening of the ties, attested, if in no other way, by the change of epistolary salutation from "My dear Friend" to "My

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dear House". The *Papers* do not reveal to what extent Wilson consulted other men and followed their advice; what is clear is that House himself was frequently left in ignorance of Wilson's intentions. It is surely significant that after the sinking of the *Arabic* and the *Sussex,* the President's mentor could not persuade him to send Bernstorff home; that the peace note of December, 1916, was despatched against the advice of House; and that when the rupture came, Wilson told Frank Cobb of the *World,* on the afternoon of April 1, that "he had never been so uncertain about anything in his life as that decision," which House had been pressing for weeks. On certain great issues, the two men were in sharp disagreement, for House began to advocate "preparedness" as soon as the war in Europe broke out and never converted Wilson to the necessity of a large army; and as the war progressed, the Colonel became more and more convinced that American interests were bound up in the victory of the Allies, while the President grew steadily more suspicious of them.

As a statesman, Colonel House has to be judged by his excursions into the field of European diplomacy. Thrice he attempted tasks that daunted professional players of that game. In 1914 he proposed an Anglo-German-American understanding to secure the peace of the world, on the basis of a limitation of naval armaments and the international development of backward areas. In 1915 he essayed to end the war, through American mediation, by a formula for the "freedom of the seas". In 1916 he devised a scheme for American intervention. In each case he was confident of the feasibility of his plans and of his own capacity to accomplish them. Yet each of them came to naught, although as an abstract proposition each could be defended. For all his finesse, for all his diagnoses of the European situation, which read today like commonplaces, but which few persons would have ventured to make during the war, the Colonel could not force the European diplomatists to act according to his lights.

In 1914, Anglo-German naval rivalry, which the Kaiser would not terminate, was not so dangerous for peace as the Balkan muddle, about which House apparently got his information from Ambassador Dumba. The "freedom of the seas", as interpreted by Colonel House and Sir Edward Grey, was to work to the advantage of Great Britain; it was hardly the former's fault if British opinion could not see this; but what was obvious to him must have been obvious to the Germans also, however loudly they might trumpet the phrase.

The greatest controversy has raged around the 1916 plan for

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American intervention on the side of the Allies if the Germans refused "reasonable terms" of peace. Was the President's insertion of "probably", in the memorandum sent to Grey, a "conventional covering expression", as Professor Seymour argues (II, p. 201), to save the rights of Congress, or did it reflect Wilson's uncertainty? Perhaps we shall never know, but there is reason to believe that the President had been warned by the party leaders not to go to war; certainly he had no stomach for such an adventure. In fact, as Professor Seymour and Colonel House themselves practically admit, the plan never had a chance. The territorial ambitions of the Allies were incompatible with House's "reasonable terms" (II, p. 170); moreover, the Allies were confident, in 1916, that they could win without the United States, and they did not relish the idea of America's restraining influence. The British Government was so suspicious of Wilson's pacifism that it did not do more than inform France of his proposal. On the other hand, the steadily mounting demands of America on Germany gave the Allies some reason for hoping that ultimately there would be a breach on the submarine issue, and that once we were in the war, moderation would be forgotten. The plan was probably impossible also from the point of view of American politics. Professor Seymour remarks (II, p. 342) that "it would have been easy [for Wilson] to defend his foreign policy if he could have disclosed his offer to the Allies." One wonders. Would not the East, while welcoming our entry into the war, have resented our insistence on moderate terms? And surely the rest of the country asked only to be kept out of the war.

Much emphasis is laid by the author on the confidential and personal relations of House with Grey and Balfour. Certainly they listened sympathetically to his proposals, and because of his position they made many small concessions to the United States which Ambassador Page would never have insisted on. But they never yielded, officially, anything essential, and while pretending to give him their full confidence, they did not inform him of the Secret Treaties. So far as the narrative shows, it never occurred to House to ask what their commitments were, although he was full of suspicion.

If the feeling cannot be avoided that Colonel House was somewhat out of his depth, it must be remembered that he always emphasized the difficulty and danger of an unarmed nation attempting to negotiate with belligerent states whose peoples had been stirred to the highest pitch of passion. In the circumstances, the Colonel did as well as could be expected, and he perceived more clearly than most

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people the consequences of a fight to a finish. Perhaps the problem was insoluble. In any case, the House *Papers* make plainer than any other exposition how extraordinarily difficult the problem was, and that the American Government showed much resourcefulness in trying to solve it. Whether Professor Seymour has unduly glorified his hero must for the present be left undetermined, but there will be general applause for the skill with which he has woven the papers selected by him into a readable and informing narrative. The next volumes, which will deal with Colonel House's activities after the United States entered the war, will be awaited with lively curiosity and eagerness.

BERNADOTTE E. SCHMITT

THE UNIVERSITY OF CHICAGO

The Papers of Sir William Johnson. Volume IV. Prepared for publication by the Division of Archives and History: Alexander C. Flick, Director and State Historian, Albany, The University of the State of New York, 1925.—xvi, 898 pp.

The Johnson Papers in the New York State Library, consisting chiefly of the correspondence of Sir William Johnson, Superintendent of Indian Affairs for the Northern Colonies, have long been recognized as forming one of the most important collections for the history of eighteenth-century America, and more particularly for the history of the Westward movement. The destruction of a large part of this collection in the Albany fire of 1911 was a serious loss to historical scholarship; but, fortunately, much of value remains and effective measures have been taken to insure that remainder against future losses. Even before the fire a considerable part of this material had reached the stage of galley-proof, though publication had been deferred in order to secure a more exact collation of the text. Finally, in 1921 and 1922, the Division of Archives and History, then under the direction of Dr. James Sullivan, published the first three volumes of the present series, bringing the record down to 1763. About half of the first volume was concerned with the first seventeen years of Johnson's career in the Mohawk Valley; the remaining two and a half volumes of this first instalment recorded his activities and those of his associates during the period of intercolonial warfare from 1755 to 1763. The fourth volume, issued in 1925, deals with the two years immediately following the peace of 1763; and future issues are expected to cover the remainder of Johnson's career.

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The present volume is an excellent illustration of the patience and skill with which the editors have solved a series of difficult problems. The bulk of the collection is, of course, drawn from the documents still preserved in the State Library, which are fully reproduced here. For these later years, however, the destruction and mutilation of manuscripts have left especially serious gaps. These the editors have been able to supply to a considerable extent from texts found in other depositories—drafts, or original letters, or transcripts. In some cases, use has been made of transcripts taken before the fire by scholars working on particular problems of their own. When no full text of a document has been available, some information about it is supplied from Day's *Calendar of the Sir William Johnson Manuscripts*. It would have been a convenience to students if all the Johnson papers could have been brought together in a single series; but, for financial reasons, it has been thought necessary to omit documents already published elsewhere.

Much of the material here printed has been used in manuscript form, by workers in this field—as for instance, by Stone, in his biography of Johnson and, more recently, by Alvord and Carter in their studies of British policy in the Mississippi Valley. Yet the range and variety of Johnson's connections—as land speculator, trader, and official—were such as to offer much illuminating matter for future investigators. More particularly, it ought to be possible now for a competent scholar to give us for the first time an adequate biography of this outstanding personage in the early history of the American frontier.

The correspondents who appear most frequently in this volume are General Gage, Commander-in-chief of the royal forces, and Lieutenant Governor Colden of New York. Less numerous but of much interest are the letters which passed between Johnson and his agents, notably George Croghan, who during part of this period left the border country for a special mission in London, where he had errands both public and private, and wrote some entertaining though illiterate letters to his chief. Writing to Johnson in April 1764, he denounces the British politicians: "Nothing Don," he complains, "Sense I Came to London by the Grate ones butt Squbeling & fighting See who will keep in power. . . . . I am Nott Sorry I Came hear as it will Larn Me to be Contented on a Litle farm in amerrica if I Can gett one when I go back" (p. 399).

The reading of Johnson's letters tends to strengthen one's impression of him as a man who, with a keen eye for his own interests, also

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worked intelligently for those of his king and country. Long years of residence among the Indians had given him a unique understanding of their point of view and a genuine desire to deal fairly with them. There is a good deal of statesmanship in his comments on the disadvantages of a legalistic approach to the problems of Indian relations. In a letter to the Attorney-General of New York, he emphasizes the complexity of these issues which "must Appear perplexed, the more so as We are the Makers & Explainers of the Law, as well as interested in the issue"; "there is," he added, "a kind of dealing indispensably necessary for us to practise with them. Justice is required of us . . . . own Natural Born Subjects, as well as foreigners, have a regular Course to pursue in order to attain it, & capacitys equal to the Task, the Indians have not, they were not known when the greatest part of our Laws were made, nor has there been since a proper provision made for them in such Cases, consequently measures must be pursued of a different Nature, at Least from the Com^{n} Law, to obtain Justice for them" (p. 863).

EVARTS B. GREENE

China and the West. By W. E. SOOTHILL. Oxford University Press, 1925.—viii, 216 pp.

Professor Soothill already has placed the student of China in his debt. This work is not for the specialist, but for the beginning student, the "man in the street" and the woman in the club. In a style that attracts, and at considerable speed, the author covers a very large subject in a very small space. "The substance of his book is the result of forty years of reading and observation," writes Professor Soothill in his preface, and the brevity of the matter does not conceal the features of the Chinese scene and of Chinese culture which are revealed only to those who dwell long among the people.

The chapters on China's early contacts with the "West" of earlier periods—Greece, Rome, Persia, India and the several tribes of Tartars—are particularly interesting and point successfully the author's conclusion later that the Chinese always have been emigrants and traders with other peoples, that their natural attitude was receptive, not exclusive (p. 17). He does not, unfortunately, explain the nature of China's suzerainty over the great border regions, nor does he inquire at all into the justification for its dispossession. His object is not, apparently, to analyze political, legal or economic issues between China and the West but to expose the great facts of contact

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and friction as inevitable developments in a "shrinking" world, facts which call for a mutual attitude of good will and compromise in the solution of the problems they evoke.

There are good words in the book for the Chinese people but none for their government within the last cycle of Cathay. The pre-treaty era also is so handled as to present the Chinese as playing the unfavorable rôles, though it is recognized that they were justifiably apprehensive of "the new influx of men of barbarous breed" (p. 77), and that, "If the early European traders who went to China had been honorable men like Ferdinand Andrade, intercourse with the Far East might have been of an entirely different character. It was the buccaneering spirit of the Portuguese and Dutch, as well perhaps as the later forceful methods of the English, which closed China to the West" (p. 80). It is hardly logical to suppose that specific instances of Chinese mistreatment of foreigners can be judged independently of the general effect produced upon them by foreign disregard of their customs and decrees. The author's willingness to see Chinese official acts in the light of Western ideas becomes more marked as he deals with the events *quorum pars fuit*. On page 157 appears the affirmation: "Robert Hart . . . made the customs the only honest service the Chinese Government had or has, unless we except the other services which have grown out of it. He became China's wisest adviser, and if only the government had possessed a modicum of statesmanship, China might have outrivalled Japan in progress." Of Dr. Sun Yat-sen he says little more than this: "As a destroyer he had few equals; constructive powers were not his" (p. 175). One is not here raising the point of accuracy but of emphasis and of the author's consistency with his own declared belief in mutual appreciation of each other's difficulties.

There is scarcely enough attention to diplomatic relations in the technical sense to afford ground for a critical review. One feels a British bias at times. The statement that "the British Government did not want, never had wanted, the opium trade" (p. 136) cannot be sustained in view of the importance of opium in Indian public finance. No inconsistency is noted between Lord Salisbury's statement regarding Wei-hai-wei that "British policy sought 'to discourage the alienation of Chinese territory'" (p. 171) and the fact that "On June 9, 1898, Britain, anxious about its defences of Hongkong, was granted the whole of the Kowloon peninsula on a lease of 99 years, thus increasing the territory of Hongkong from 29 to 405 square miles" (p. 172). This failure is to be set alongside of

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a very harsh comment upon German policy. The Kaiser's "mailed fist" speech is quoted with the remark: "Which was the greater outlaw, the brigand or the Kaiser, history has already told" (p. 170).

To the rehearsiveness of the book and its lack of objectivity may be added evidences of haste in its composition to suggest the possibility that it was offered to the public at a moment opportune to assist in offsetting the growing momentum of Chinese nationalism and the tendency in some quarters to sympathize with its purposes. Such sentences as the following occur: "That so great a people should be forever unable to trace its origin is to assume that it floated trackless from the empyrean," etc. (p. 1). "Later the Viceroy sent for him, to whom he told the truth, but who threatened armed suppression" (p. 139). The author has met worms in the wild state, for he writes: "even the Italians, with nominal interests, wanted Sanmen Bay, but at last the unhappy worm turned and snapped a refusal" (p. 165). For words misspelled, verbs out of number and such little inaccuracies the author probably is not responsible. He supplies a brief appendix of data from the *China Year Book,* a map and an index.

HAROLD S. QUIGLEY
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Profits. By WILLIAM TRUFANT FOSTER and WADDILL CATCHINGS. Boston and New York, Houghton Mifflin Company, 1925. —xxii, 465 pp.

This is the widely heralded work for the best adverse criticism of which a prize of five thousand dollars is offered. The authors set themselves the familiar task of analyzing the economic organism and passing judgment upon it. The judgment is again the familiar one that the animal is neither pernicious nor defunct, but is rather seriously sick, and the malady is diagnosed. Prescription for it is disclaimed (preface, p. vi) but the general character of the treatment is indicated. The argument is an expansion of the thesis advanced several years ago by H. B. Hastings, and supported in the earlier volume on *Money* by the authors of the present work. It is that the sickness of pecuniary society is due to the failure of productive business (and government) to put in the hands of consumers sufficient money to buy the increasing volume of goods made possible by social and industrial progress, "at the current price level" (see below). Hence the main "symptom" of recurring crises, depressions and stoppages.

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Part I is introductory, on economics in general; Part II expounds a theory of Profit, Part III gives a statistical survey of the known facts as to profit and loss in the United States and their distribution among industries and establishments and in time. Part IV, on The Functions of Prices and Profits, returns to general economic theory, in the sense of explanation and vindication of the competitive social order. Part V, on Money and Profits in Relation to Consumption, fills almost half the volume and contains the special argument, and the reviewer has no hesitation in saying, the significant part of the work, though the statistical section (Part III) is interesting and perhaps useful in some connections. However, it has nothing to do with the main purpose of the book and its argument is largely a glaring contradiction of that of Parts I, II and IV. For the main contention here is that the notion of a normal profit is untenable (p. 139), and in so far as this is true, it is impossible to argue that competitive relations at large have any predictable tendencies. It is fortunate that the value of the book does not depend on any special accuracy or profundity in the sections dealing with economic theory, for they are conventional in the bad sense as well as the good. Seven or eight pages of formal definitions do not include one for the term value, which as used in the book makes one wonder whether the authors have ever considered a possible difference between power in exchange as measured by price (under actual or hypothetical conditions), and utility, individual or social, no matter how defined and measured.

The theory of the relation between profit and risk developed in Part II repudiates a distinction between measurable risks and those which are not measurable as having "no scientific basis" and being "confusing rather than clarifying" because "it is not possible to draw a line" between the two. Of course every mentally normal adult does make the distinction, and distinguishes further between at least four degrees of guesses, estimates, probabilities and measurement, although no one of them can be objectively defined or a "line drawn" at any point on the scale. And of course these authors make hundreds of distinctions where no line can be drawn, as no one could write a book and fail to do. A more practically serious error is that in arguing continually for the necessity of the "profit motive" in industry, they do not indicate whether they mean the motive of private gain (however defined) contingent upon effort (piece wages or sales on commission) or luck itself as a factor in motivation—a fundamental question. The contention (pp. 49 *et seq.*) that there

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would be no risks in a static society is indefensible and in the next few pages the authors implicitly change it to no "uninsurable" risks, while on the same page on which they object to distinctions where no line can be drawn, they admit that no risks are completely insurable. Nor can any high rating be given to a theory of profit which, after defining profit as a difference between cost and price, gives no adequate discussion of the forces which determine either of those magnitudes, especially cost. Profit is held always to result from the "wise assumption of risk". Presumably there are no degrees in such wisdom. It goes without saying that much profit involves no risks at all unless the meaning of one term or the other is strained out of all resemblance to ordinary usage.

These are merely samples, more or less at random. If the winner of the prize points out all the errors which might be found in the book, he will not receive an extravagant remuneration per error. In common with much of the literature on the social beneficence of the competitive system, the authors overlook the fact that if competition worked out perfectly every individual would get *all* the difference he made in the total production of value, and in such a world it would be a matter of unconcern to all other persons whether any particular individual lived or died or whether any particular piece of property existed or not. (This oversight is also prominent among those present in Professor Carver's recent edifying vindications of capitalistic gods.)

As to the main argument of the book, the reviewer does not claim competence to pass an offhand judgment, but thinks there is "something in it", though it is not satisfactorily developed. It goes without saying that, assuming the equation of exchange in its truistic interpretation, if the volume of goods increases and the quantity of circulating medium or its rate of turnover do not (and with certain other allowances), there must be either a failure to sell goods somewhere, or a fall in prices somewhere. The question then is, just why is our profit-seeking economic system so hysterically sensitive on the subject of falling prices? This question is very inadequately discussed. The further question as to just how important all this is in comparison with other equally plausible explanations of crises is of course excluded by the authors' commitment to a simple unitary solution of the problem. Much of what they say about saving and consumers' purchasing power is both fallacious and inconsistent with other phases of their theory.

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But space limits preclude further elaboration. All in all, it is a stimulating book, and in general readably written, though a shorter presentation of the main thesis would, in the reviewer's opinion, have been more effective.

F. H. KNIGHT

UNIVERSITY OF IOWA

L'Industrie française pendant la guerre. By ARTHUR FONTAINE. New Haven, Yale University Press, 1925.—xii, 504 pp.

L'Industrie textile pendant la guerre. By ALBERT AFTALION. New Haven, Yale University Press, 1925.—xii, 264 pp.

Les Forces hydro-électriques pendant la guerre. By RAOUL BLANCHARD. New Haven, Yale University Press, 1925. — xii, 128 pp.

Lyon pendant la guerre. By EDOUARD HERRIOT. New Haven, Yale University Press, 1925.—xvi, 99 pp.

Of the French Series in the Carnegie Endowment's *Economic and Social History of the World War,* only seven monographs have as yet appeared. The four studies listed here, therefore, constitute but a fragment, albeit a considerable one, of the projected story of the war-time industrial developments in France during the war and the years immediately following it. Each of these volumes comes from the pen of an authority of recognized importance; two of the authors, MM. Aftalion and Blanchard, being professors of law at Paris and Grenoble respectively; one, M. Fontaine, having held various administrative posts, including the inspector-generalship of mines; and the fourth, M. Herriot, having been not only twice Prime Minister, but for many years the Radical-Socialist Mayor of Lyons. Accordingly, one would expect that these studies would exemplify the French facility for lucid presentation and logical arrangement as well as reveal on the part of the authors a somewhat intimate and special knowledge of subject matter. In the main, this expectation is not disappointed.

M. Fontaine devotes the first part of his volume, the most comprehensive of the four in scope, to a general description of the direct and indirect effects of mobilization, invasion, and war-time dislocation upon the operation and output of French industry. For those interested in more detailed, intensive studies of particular branches of industry, trade and transportation, he presents, in the second part

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of the book, a series of sixteen so-called "monographs", dealing with mining, food production, chemicals, printing, textiles, clothing, leather and skins, wood products, metallurgy, railway, motor and maritime transportation, and miscellaneous commercial pursuits. Throughout, the book is marked by a judicious use of available statistical material, though, the reviewer ventures to suggest, it might in some instances have been presented in more effective tabular and graphic form.

The author begins by showing how the ten invaded departments in the north and east of France constituted the very heart, so to speak, of the nation's industrial strength, containing, as they did in 1913, around fourteen per cent of its total active industrial population, utilizing forty-one per cent of its steam motive power, and producing over three-fifths of its aggregate output of steel products, nearly one-third that of cotton goods, more than four-fifths that of woolen commodities, and three-tenths of the production of beer. In fact, says M. Fontaine, the industries most severely damaged by invasion and losses in man-power were precisely those most essential to the successful conduct of the war. Furthermore, shipping difficulties and the loss of foreign markets for luxury and semi-luxury products progressively reduced, as the war wore on, available imported raw materials for replacement. These considerations make it plain why, in spite of heroic efforts put forth by Government, employer and employee, France could by no means adequately meet all the greatly inflated needs of her vast military establishment and at the same time properly ration the civilian population. Coal production, for instance, declined in 1915 to approximately half what it was two years earlier; iron output fell off even more sharply; while from 1913 to 1919 the number of industrial plants using steam power diminished by seventeen per cent and the number of steam engines in operation decreased as much as nineteen per cent. Obviously, these conditions gave rise to a marked shrinkage in the volume of foreign trade. Exports, especially, were reduced almost to negligible proportions after 1916.

American observers will be interested in the ways in which the war stimulus affected French business organization and processes of production. Unfortunately, there is little in M. Fontaine's volume on the strong tendency, in France as well as in other industrial nations, toward concentration of industrial control by "vertical" amalgamation and consolidation. But he does admirably summarize how high economic pressure led French manufacturers to apply, as

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never before, improved scientific methods and apparatus, even to the point, here and there, of introducing "Taylorism". The Government itself thought it worth while to set up a "permanent commission of standardization" for the purpose of accelerating standardization of output in industries like that of motor cars and cinematograph films. New chemical products, dye-stuffs and photographic materials were turned out in large quantities to replace vanished imports.

Most interesting and significant of all these developments, perhaps, is that related by M. Blanchard. During the four-year period after 1914, the total available hydro-electric power was increased by ninety-four per cent, the aggregate at the time of the Armistice being over 900,000 kilowatts. Not only was this great additional supply of industrial energy made available for factories and mills and power-houses, but, as a result of more extensive exploitation of the region of the Pyrenees and the *"Massif Central"*, a much wider territorial distribution of power was effected. Before the war nearly two-thirds of the available hydro-electrical force was concentrated in the Alps. To-day plans are under way for carrying out extensive electrification projects by the intimate union of "black coal with white coal".

M. Herriot's little volume contains an interesting and highly readable sketch of some of the transformations in the economic life of Lyons during the war. The student of municipal administration will learn from it how the municipality was obliged to institute various kinds of schemes for rationing both food and fuel among a constantly increasing civilian population that reached almost a million by 1917; what measures were taken to assist thousands of war refugees and prisoners thrust upon the mercy of the city; and how the public authorities organized their enlarged health service. Not the least of these municipal achievements was the founding, *en pleine guerre,* of the now famous International Lyons Fair.

From these four studies, the reviewer gained the distinct impression, above all else, that France is a country blessed with sufficient natural resources to enable her to face the future with confidence. What he missed was any suggestive discussion of economic control by governmental action during wartime, and more important still, of the lessons it holds for the social and industrial problems of peace. But this, it is to be hoped, will come in some of the later volumes of the French Series.

WALTER R. SHARP

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International Relations as Viewed from Geneva. By WILLIAM E. RAPPARD. New Haven, published for the Institute of Politics, by the Yale University Press, 1925.—x, 228 pp.

Skilfully avoiding both dry technicalities and meaningless generalities, the usual Scylla and Charybdis for expounders of impersonal institutions, M. Rappard presented to the Williamstown audience who first heard these addresses, a clear, accurate and interesting picture of the League of Nations. A member of the Secretariat from the beginning, a citizen of Geneva and a professor of government, he is well equipped for the task. Though aware of faults in its present organization and of shortcomings in its past performances, he does not disguise his faith in the League's future. It is, however, in the interest of exposition rather than adoration that he presents it as the Trinity—" three leagues in one ". The first is the League to enforce the peace treaties, which functioned through the Supreme Council immediately after the war but now operates through the League Council and is of interest especially to the belligerents of the war. Reparations, German disarmament, plebiscites and boundary adjustments, minorities, mandates, the Saar, Dantzig are within its ken and its action. This League, the author admits, has not always promoted the objects of the other two leagues, because it has fallen short of justice. It has, however, made the operation of the treaties better than would have been the case without it, and, in the author's opinion, would have done even more if the United States had been in it (pp. 15, 210).

The second league, that to promote international cooperation, though occupying little space in the Covenant, has in practice taken the bulk of the time of the Assembly and Secretariat. It promotes united effort for specific objects of world interest like expatriation of refugees, checking of epidemics and reconstruction of Austria and Hungary; removes causes of international friction like obstacles to transit and communications, unreasonable customs formalities and passport regulations; and improves national conditions in respect to labor, narcotics, white slavery, double taxation, etc. The process is illustrated by well selected instances, but in reading it one wonders whether this " League " did not really include the other two. Is not the first League's work really cooperation for specific objects which were at least assumed to be of world-wide interest? And are not the reduction of secret diplomacy, the facilitation of treaty revision and

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arbitration, the sanctioning of justice and the promotion of disarmament really cooperation for the removal of international friction?

The author, however, prefers to regard the latter as the work of the third League, that to outlaw war. Though in principle most important, this League has progressed slowly in its work because like a convoy it can move no faster than the slowest member—a difficulty, he diplomatically implies, not lessened by the presence of powers comparable "to the craft which during the war sometimes from without delayed convoys in their trips across the Atlantic" (p. 163).

M. Rappard points out that war "differs from crime, as it may be, and before the creation of the League of Nations frequently was, the sole means of securing the triumph of legitimate interests" (p. 114). The League may eliminate this possible justification for war by facilitating compromise, recommending political solutions or rectifying unjust treaties as contemplated by articles 11, 15 and 19 of the covenant. But this aspect of the problem seems to be neglected when the author espouses the cause of universal judicial settlement of international disputes through elimination of so-called non-justiciable disputes (p. 125). Arbitration and judicial settlement are closely limited by existing law and in international affairs treaties are a large part of the law. How then can these processes rectify unjust treaties? Until there is a world legislature to modify treaties and international law by a procedure not requiring unanimity, it seems necessary to preserve a procedure whereby states, even without a legal claim, can get a hearing for economic, social, moral or other claims of merit—in short, a procedure for settling non-justiciable disputes by political methods.

The reviewer must also register disagreement with the author's opinion that under the Covenant "war is not prohibited" in disputes found to be domestic according to international law (p. 119). A Council report that the dispute is domestic bars the Council from considering its merits, but only because there are no legal merits left to discuss. Clearly, if such a report has the requisite unanimity, paragraph 6 of article 15 applies, and war against a party complying with the report is forbidden. In such a case, even arbitrary action with respect to the subject matter by the state having domestic jurisdiction would be such compliance.

Not the least interesting part of the book is that which describes the emergence of three political parties in the Assembly. France and her Continental allies put security first. Great Britain and her Dominions put peace first. The neutrals, Latin America and the

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former enemies put justice first. Evidence from Assembly debates on article 10, disarmament, the Permanent Court and the Corfu incident adequately proves the existence of persistent divergencies in emphasis among these states. The United States the author credits with sympathy for the "justice first" group (p. 211). Americans who recall perhaps better than either M. Rappard or M. Fernandes of Brazil, whom he quotes (p. 192), that their country has been in act though not in word among the most backward in supporting general compulsory arbitration or judicial settlement, will perhaps fear that it ought to go in a different category from any of these three, possibly that already occupied by two other countries, one within and the other outside the League, which the author finds it difficult to classify. Capefigue wrote: "*La Diplomatie . . . ne peut, elle ne doit avoir qu'un but, la force et la grandeur du pays qu'elle représente.*" States within the League have presumably subordinated this object—perhaps they have not all done so in fact. That presumption, however, does not exist for states outside the League.

QUINCY WRIGHT

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The Chief Sources of English Legal History. By PERCY H. WINFIELD. Cambridge, Harvard University Press, 1925.—xviii, 374 pp.

The study of legal history seems everywhere to be blighted by the bitter frost of antiquarianism, and the Anglo-American literature on the subject has been particularly afflicted. It is natural, therefore, that prejudice against the historical approach as it is generally understood should have come into existence in a profession the breath of whose life is the latest advance sheets, and that those who would pursue research in this field do so at the peril of intellectual isolation.

In the past, the student of the law has been given his history in two ways. It has been offered him in the form of so-called historical introductions to particular subjects, or in the form of a special course in legal history. Undoubtedly the former method is better calculated than the latter method to produce scientific historical thinking. Indeed, there is something incongruous in offering a course in the history of the common law when the very essence of this system is to be found in its historicity, and no single rule can be really comprehended without a thorough-going reference to the past.

Historical research in Anglo-American law has not yet reached a

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stage where the situation outlined above can be remedied simply by changes in curriculum looking to the inclusion of more historical data. In many instances the materials themselves remain unexplored and even if one should desire to treat a particular subject historically such an undertaking would be impossible. The problem consequently resolves itself into two component parts; first, how is our knowledge of the historical development of the law to be increased, and secondly, how can such information once gained be given the greatest circulation. These two problems should be solved simultaneously. It is idle to await the production of monumental tomes on Anglo-American legal history before we undertake to press upon the student such results of research as are now available. In other words, by emphasizing the historical approach in every aspect of the law, sufficient interest may be stimulated to turn men to the scientific investigation of the law of yesterday. For this purpose the method of Maitland, to approach the unknown from the known, is the most feasible, for few will ever survive the terror of starting with a long and continuous immersion in the Year Books, before swimming into the vast and glamorous *mare incognitum* of the sixteenth and seventeenth century law.

Bearing in mind what has been said regarding the relation of legal history to the study of law in America, we may now inquire into the particular utility of the volume under review. That Mr. Winfield has composed a useful and interesting volume there can be no question, although there is room for difference of opinion with regard to the emphasis he has placed upon various topics. His book is intended to be "no more than a guide to the chief sources" of English legal history, an aid to the "younger men to get some idea of the authorities to which they must go and of their relative importance."

Mr. Winfield states at the outset of his first chapter that a discussion of the chief sources of any particular topic does not necessarily imply any consideration of the best method in which to use them. Accordingly he devotes merely a brief paragraph to a discussion of method. This may be very well for the English student but for the American student whose experience by and large extends infrequently beyond the handpicked cases which are his daily pabulum, any introduction to legal history as it is now taught in special courses should be by a thorough and illuminating instruction in method. None of the existing historical method books meets this problem which for the lawyer is a peculiar one. The discussion in Hicks's *On Legal Research* is infinitely more instructive to the beginner than what these method books or Mr. Winfield can tell him, although Hicks has not framed his suggestions with the historian particularly in view.

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From another angle Mr. Winfield's refusal to go into the problem of method, in the opinion of the reviewer, leaves certain serious gaps in the discussion of material. In the first place there is scarcely one word said about comparative material, and as in the Anglo-Saxon and Norman periods the continental law is of more than comparative significance, the omission of some remark concerning the literature on this material is incomprehensible. The German publicists have appreciated this homogeneity in European legal institutions and they have attacked the question of the Anglo-Saxon development as a single aspect of the far broader problem of the general European development, thereby greatly enriching the study of their own institutions. The reviewer can mention no more cogent proof of the value of such a method than by referring to the work of Brunner and, later, Mayer on the history of the jury system.

The same insularity of view just mentioned has involved a second noteworthy omission by Mr. Winfield, namely his failure to include a section dealing with the immense literature on feudal law, an omission which is inexplicable in view of the universality of feudal institutions. The mere fact that most of the works on the subject have reference particularly to continental conditions seems no sound reason for the exclusion. The medieval cosmos and particularly the world of ideas was remarkably cohesive, and hence the illustrative material for any study in law should extend well beyond the frontiers of any single land.

No less striking is the fact that almost no reference is made to writings in the sphere of political and legal theory unless we are inclined to regard Blackstone as a political or legal philosopher, a title to which the author denies him claim. If we consider the profound influence wrought upon English jurisprudence by the theories of natural law current in the seventeenth and eighteenth centuries, it is by no means out of place in a work on sources that some few words be devoted to the philosophers from whose studies these theories emerged.

From what has been said it will be observed that Mr. Winfield's work moves along the traditional grooves of juristic research, but it may be doing the author an injustice to say that his book is calculated more to promote antiquarianism in legal history than to bring the past in vivid and illuminating juxtaposition with the present.

In a brief section on "Perspective and Proportion" the investigator will find such consolation in respect of interpretative material as Mr. Winfield has seen fit to incorporate in his work. This section, however, contains only a few suggestions as to the value of pure literature in imparting the necessary "literary atmosphere" to works of research.

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This advice is regrettable for it is bound to lead to superficiality. No enduring interpretations of legal material will be attained by pouring into the dough of legal data some drops of flavor from Shakespere or Pope. Where the investigator must turn for his background or interpretative sources is to the general political history of the country whose law he is studying, to the economic and social history and to such biographical remains as may be available. Unless we can accept Mr. Winfield's rather cursory reference to Matthew Paris and a few other non-legal sources and the repeated allusions to Gross's bibliography as satisfying the requirement that the beginner must be guided into this field of collateral material, we must brand this part of the book as wholly inadequate.

Mr. Winfield makes a great many references to the consanguinity of American and English legal ideas. We Americans inherited the *corpus juris Angliae* of the year 1607 with all its semi-medieval wrappings, and of our own volition we have since adopted numberless subsequent conclusions of English jurists. For nearly two hundred years, however, the highest court of appeal of American litigants was the king in council. Somewhere in England the papers of these appeals cases must lie. They are a part of our own legal tradition and equally of England's. But in his otherwise excellent discussion of the manuscript sources Mr. Winfield says nothing of these. In neglecting to do so he has failed to produce the most telling proof of the solidarity of ideas which he proclaims.

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COLUMBIA LAW SCHOOL

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BOOK NOTES

George Glasgow's *From Dawes to Locarno* (New York: Harper and Brothers, 1926; pp. xvi, 186), which may be regarded as a sequel to his *Foreign Policy of the First Labour Government in Great Britain,* is at once useful and disappointing. In so far as it provides a detailed analysis of the negotiations for a pact of security, which lasted from February to October 1925, together with some account of the earlier efforts to that same end, it will be welcomed as a storehouse of facts. The diplomatic correspondence is examined at length, the moves in the game are explained, the reactions of domestic politics set forth. But the negotiations at Locarno are disposed of in two sentences: "By the time the second week was reached the reserved difficulties had shed their terror. . . . It was the psychology of Locarno that was a big thing in European history" (p. 125). No doubt the conference at Locarno was not allowed to fail because public opinion in all the interested countries insisted upon success: all the more reason therefore why a full statement of the final mutual concessions is called for. And though the treaties signed in London are printed in the appendix, no attempt is made to dissect or weigh them; it is left for Mr. Ramsay MacDonald, in the Preface, to suggest that "there are loopholes in the Locarno Treaty." Nowhere does the reader get a clear picture of the new European system contemplated by the treaties, of the machinery necessary for their working, of the obstacles still to be surmounted; a comparison with the Geneva Protocol would have been very much in order. Furthermore, the treatment is decidedly partisan. The impression is conveyed that Locarno was essentially a British idea, which may be strictly true, for Mr. Lloyd George was playing with it in 1921; but surely its realization was made possible only because a pact of security was formally proposed by Dr. Stresemann, who is mentioned only once in the book (p. 38). Mr. Glasgow would have done well to explain what were the circumstances and motives that induced the German Government to come forward and what suspicions its move aroused in certain countries. But he is so hostile to Poland and so suspicious of France, although he regards M. Briand as a great improvement on M. Poincaré, that he cannot appreciate the views of Paris and Warsaw. Sir Austen Chamberlain is fully entitled to the glory accorded him for

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reconciling the divergent desires of France and Germany, but the courage and skill of M. Briand deserve more recognition; nor, in view of Count Skrzynski's conciliatory attitude, is it fair to speak of him as a "stormy petrel" (p. 28). One can only regret that, with his great knowledge and his grasp of European politics, the author has not written a better-balanced book. It is the work of a clever protagonist of the Labour Party rather than the reflections of a dispassionate student.—BERNADOTTE E. SCHMITT.

In the seventeenth and eighteenth centuries England's colonies in the West Indies were commercially the most valuable and by far the most highly prized of her oversea possessions. But their importance has waned, and their history, in comparison with that of her continental colonies, has been the subject of little scholarly investigation. In *The Caribbee Islands under the Proprietary Patents* (Oxford University Press, London, Humphrey Milford, 1926; viii, 234 pp.) Mr. James A. Williamson gives us the most reliable and readable account that has been written of the proprietary period in the history of the English West Indies. This period was not of long duration. It began with the grant of the islands by Charles I to the Earl of Carlisle in 1627 and ended, formally, with the surrender of proprietary rights to the crown early in the reign of Charles II, thirty-six years later. Practically, however, proprietary administration was terminated by the outbreak of the English Civil War in 1642, for during the years of conflict between King and Parliament the islands were virtually independent of all external control, and when the Puritan Commonwealth forced them to submit to its authority, all rights derived from royal grants were disregarded. Through a tangle of rival proprietary patents and a maze of conflicting claims to which they gave rise, the author, fortified by painstaking research in manuscript and printed sources, picks his way with patience and skill, blazing a trail which the attentive reader can follow without serious handicap. The ardent royalism of Barbados, the most important of the English Caribbees, Mr. Williamson attributes to the self-interest of the sugar planters of the colony, who believed that submission to the Commonwealth would result in a curtailment of their profitable trade with foreign countries, since it was known that the new rulers of England were seeking to reestablish the imperial control over colonial commerce that had broken down during the Civil War. He thinks that if Charles I had been restored to power, instead of being executed, and had attempted to revive the earlier commercial regulations, "it would have needed an armed expedition

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for the enforcement of these things as certainly as it now needed one for the assertion of Parliament's ideas concerning imperial control." Royalism, according to this interpretation, "became a stalking-horse for the accomplishment of a policy which was essentially economic."

The specific and extremely practical character of most of the provisions of Magna Carta has often been commented upon, but it has been contended, notably by the late George Burton Adams, that what gave the Charter its vitality during the critical period of its history—the century following Runnymede—was not its specific provisions but its underlying principle of limited monarchy. In a scholarly monograph entitled *The First Century of Magna Carta: Why it Persisted as a Document* (Research Publications of the University of Minnesota, Minneapolis, 1925; x, 123 pp.) Dr. Faith Thompson takes exception to this view. She concedes that many factors contributed to the perpetuation of the document, but she thinks that its chief value in thirteenth-century popular estimation lay rather in the particular "liberties" which it expressly guaranteed than in the implied principle that the king must observe the law, and she believes that these "liberties" affected enough groups and classes to revive, from time to time, the opposition to the king which had won the Charter in 1215. From an examination of the references to the Charter during the reigns of Henry III and Edward I, in chronicles, legal records, statutes and law treaties, Miss Thompson concludes that it was prized and appealed to primarily because of its specific provisions. She presents no evidence, however, to show that those responsible for its formal confirmations were not motivated mainly by a desire to secure from despotically-inclined rulers an acknowledgment that they were subject to law.

Most of what has been written of late about contemporary Indian politics has been inspired by passion for other things than the truth and has been calculated to diffuse heat rather than to shed light. In *India* (New York, Charles Scribner's Sons, 1926; vii, 352 pp.) Sir Valentine Chirol may not attain the ultimate degree of objectivity, but he makes a serious and on the whole successful attempt to present both sides of controversial questions. His purpose is "to trace the growth and the reactions of the great forces, spiritual and material, ancient and modern, which have made India what she is today." The volume is one of "The Modern World" series, edited by H. A. L. Fisher, and about one-half of it is devoted to the period since the World War. The author makes no secret of his belief that the

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British *raj* has on the whole been beneficial to the people of India, yet he finds much in its history to criticize, and materials for a formidable indictment of it could be collected from the evidence which he presents and the opinions which he expresses. It is possible that he overrates the intrinsic importance of the hostility to western civilization which many Indian Nationalists have voiced. Gandhi's "Back to the Vedas" meant "Away from the British," and probably owed most of its appeal to this fact. Is it not likely that if Swaraj were secured the glories of the ancient Aryans would pale and Western civilization become less "Satanic"?

Students of international affairs who more than a decade ago were introduced to the Persian question by Mr. W. Morgan Shuster will be especially interested in Dr. A. C. Millspaugh's *The American Task in Persia* (New York, The Century Company, 1925; xiv, 322 pp.). What Dr. Millspaugh really discusses, to be sure, is not the American task in Persia but the task in Persia of an American serving, with the aid of American assistants, as administrator-general of finance by appointment of the Persian Government; the United States officially has no connection, direct or indirect, with the so-called American Financial Mission to Persia. Dr. Millspaugh's volume says nothing about American policies in the Near East but concerns itself rather with an exposition of the existing political and economic situation in Persia. There are two excellent chapters on "Agriculture, Manufacturing, Transportation and Commerce" and "Natural Resources and Other Assets" which visualize Persia of the future as a prosperous but not wealthy country, bearing the same relationship to the rest of the world that Wyoming, Colorado and Utah bear to New York, Pennsylvania, and Massachusetts. Incidentally one gets from the volume a picture of the new dictator and strong-arm-man of Persia, Reza Khan (for whom Dr. Millspaugh holds great respect), and gathers the impression that he will achieve national unification and economic stability in spite of powerful internal forces of disruption and disorder. The task of reorganizing the chaotic finances of Persia is far from simple; many of the difficulties which face Dr. Millspaugh today are those which faced Mr. Shuster in 1911, notably favoritism, nepotism, corruption, incompetence, partisanship, conservatism and obstructionism in the Persian civil service. Dr. Millspaugh is not discouraged; he believes his task at Teheran much simpler than the task of General Butler at Philadelphia. Certainly, unlike Mr. Shuster, he will not be dispossessed by Anglo-Russian diplomatic forces, for the failure of the Anglo-Persian Treaty of

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1919 (the "Curzon Treaty") and the change in Russian policy reflected in the Russo-Persian Treaty of 1921 indicate that Persia will have a breathing spell during which to set her affairs in order. Dr. Millspaugh is an honest servant of Persia concerned with no interests other than those of the people who have entrusted their purse to his keeping. This is as it should be.—EDWARD MEAD EARLE.

In his search for the *Moral Standards of Democracy* (N. Y., Appleton, 1925; ix, 309 pp.) Professor Henry Wilkes Wright assumes that the first principle of this political faith is *community,* "the participation of all members of society in a good which cannot be divided into parts that fall to the exclusive possession of their individual owners, but which, since it is by nature a common good, can only be realized jointly by a group of communicating individuals." Adopting this as his premise, the author devotes the major portion of his treatise to the ascertainment of the means by which this end may be accomplished. With this purpose in view he analyses the relation of intelligence to instinct, the forms of human association, the potentialities of discussion, cooperation, and imaginative sympathy, and comes to the conclusion that the solution of the problem lies in the development within the citizen body of three personal qualities: intellectual alertness and honesty, practical competence and loyalty, and imaginative sympathy. The probable consequences of the development of these characteristics in the body politic are forecast in chapters dealing with public opinion, education, industry, social institutions and social life.—S. C. WALLACE.

The publisher's blurb of Sidney Brooks' *America and Germany 1918-1925* (New York, Macmillan, 1925; 191 pp.), saying that this is "a book for all interested in Germany's progress", is misleading in two respects. In the first place, much of the book is so technical as to be uninteresting to the general reader, and in the second place the author pays but very slight attention to the opinions that the two nations entertained of each other. He does emphasize, however, the common and erroneous belief in Germany after the war that there was no bitterness in America, that all Americans were idealists who would be willing to let Germany off with no penalties and who would be glad to supply her gratis with foodstuffs. But Mr. Brooks has been chiefly intent upon telling two stories, that of the feeding of Germany by various American relief organizations, and that of the many attempts to put Germany back upon her feet financially. In the earlier chapters the author tells of the obstacles in the way of getting food to Germany as quickly as possible after November,

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1918: America's failure to convince the Allies of the necessity of almost completely lifting the economic blockade during the armistice; Germany's failure to cooperate in the delivery of her shipping to the Allies; the problem of financing the food deliveries to Germany. In the later chapters he describes the different schemes, culminating in the Dawes Plan, which were put forward with the purpose of stabilizing financial conditions in Central Europe, and relates how American business and American charity combined to feed Germany. In these chapters dealing with financial matters and with food relief, the reader cannot fail to realize that Mr. Brooks speaks with authority. But in those chapters in which the author tries to give the reader a picture of political conditions in Germany, his touch is less sure. It is misleading to describe Noske as "capitalistic" (p. 45); he may have been ruthless, but he was a Socialist Democrat. It is hardly accurate to imply that the Democratic party is the only "bourgeois" party of Germany (p. 48). The work is marred by faulty sentence construction which frequently obscures the meaning of a passage. It is unscholarly to refer to a periodical in a footnote with no date or volume reference (p. 99). Herbert Hoover is the hero of the volume; his advice is always considered correct and the disregard of such advice is held to be the cause of many of Europe's ills.—J. G. GAZLEY.

The first two chapters of Mr. D. Mitrany's little volume on *The Problem of International Sanctions* (New York, Oxford University Press, 1925; viii, 88 pp.) contain debatable material; the last two less and less. The last is a succinct statement of an indubitable conclusion, namely, that the United States must in the end define its policy toward sanctions, if these are exercised by its peers. Half of the text is devoted to a theoretical examination of the meaning and operations of sanctions. About half of the theory is superfluous, for the First and Second Assemblies of the League of Nations discussed the question at length and enunciated a couple of dozen glosses to the text of Article 16 of the Covenant. These should be definite points of departure for any writer or statesman. Three-fourths of the Covenant is directed toward establishing conditions which will not produce disputes of the sort that eludes normal methods of settlement. Articles 12, 13 and 15 of the Covenant provide as a whole that "disputes likely to lead to a rupture" shall be submitted to judicial, arbitral or conciliatory procedure before resort to war. The disputants can choose whatever forum they like; they may phrase the dispute for submission according to their own option; they may

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settle it inside or outside the machinery of the League. But fundamentally, they agree to submit a matter which they cannot settle between themselves and which "is likely to lead to a rupture," to some disinterested third party. Article 16, the sanction provision, comes into play only "should any Member of the League resort to war in disregard" of this elastic agreement. Our author explicitly recognizes this in saying (p. 70): "sanctions are not an international system in themselves; they are, on the contrary, merely attached to a system whose 'be all and end all' is the principle of arbitration." That recognition should direct attention to the possible frequency of recourse to sanctions. Sanctions never will be applied unless the non-disputant states see a war started before resort to pacific settlement. Any state so embarking on a war automatically has all the moral forces of the world against it in any case—and disinterested states can be extremely moral. Consequently, it is simply not good foreign-office sense to proceed on the assumption that states will buy their trouble that way. The real problem of sanctions is how to neutralize that morality and get the particularistic advantages of war without the disadvantages of impartial review of the dispute. That problem has not been tackled. Thirty per cent of one thousand treaties made since the war deal with pacific settlement or provide that disputes arising out of their interpretation or subject matter shall be arbitrated. In other words, the international vogue is to arbitrate. Leaving solemn engagements aside, it is not human nature to run counter to fashion. What practical people do is to adapt styles to their needs. It may be that states have reached a stage of common sense in which they really believe that their position is made more secure by being reasonable than by being belligerent. If so, arbitration in the general sense will sweep the boards, and sanctions will occupy the position in the world that spankings do in the life of the adult. If not, any would-be belligerent will inevitably play safe and put his dispute through the formality of third-party consideration in advance of hostilities. Sanctions chiefly interest states which are "seeing things at night" and like something to quiet their nerves. It is exactly those states which are progressing farthest in developing pacific settlement. With that fact to the fore as the test of international action, sanctions are more likely to be spontaneous—in credit restriction, for instance—than a laboriously performed act. But any condition that will justify sanctions will be serious enough to justify a good deal more. Our author points out (p. 72) "that to alleviate [the burden of sanctions] it is necessary, not so much to weaken the

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sanctions, as to strengthen the peace machinery to which they are attached." The reviewer would have liked to see that thesis developed at length. War is wild force, used capriciously; force placed behind peace machinery is *pro tanto* tamed, and the employment of the machinery then becomes more profitable to states than the use of force at will.—DENYS P. MYERS.

The Bureau of Social Hygiene has continued its series of monographs on delinquency with an excellent brief treatise by Chloe Owings on *Women Police* (New York, Frederick H. Hitchcock, 1925; xxii, 337 pp.). It is fortunate that the Bureau selected as the author of this study of the development and status of women police a woman thoroughly familiar with the status and functions of women in European police systems where this important side of police administration had its origin and most complete development. It is an interesting commentary on the conservatism of American police authorities that the total number of women police in the five largest cities in the United States is less than the number employed in Prague alone. Amsterdam has as many as Chicago, and Stockholm more than Pittsburgh, although London has no more than New York. Miss Owings has defined the preventive and protective activities which should be expected of women police, the place of the women's unit in the general scheme of police administration and the methods used in the selection and training of personnel in the places where women police have been most extensively used. There have been two or three publications on the subject prior to the appearance of this book, but until now there has been no complete, authoritative manual.—RAYMOND MOLEY.

When Léon Walras died in 1909 he left a series of notes that were intended to make a part of the definitive edition of his major work. These memoranda are now embodied in his *Éléments d'Économie Politique Pure ou Théorie de la Richesse Sociale, Édition définitive, revue et augmentée par l'Auteur,* which has just been published by the firm of R. Pichon et R. Durand-Auzias, Paris. Shortly before the death of the economist, he wrote to Georges Renard, *"Il faut savoir ce que l'on fait. Si l'on veut récolter à bref délai, il faut planter des carottes et des salades; et si l'on a l'ambition de planter des chênes, il faut être assez sage pour se dire: mes arrière-neveux me devront ombrage."* Spiritual *arrière-neveux,* in increasing number with the passing of time, will feel and express their *reconnaissance* to Léon Walras.

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There is much misapprehension still current regarding medieval notions of this earth and the universe of which it forms a part. A reading of *The Geographical Lore of the Time of the Crusades* (New York, American Geographical Society, 1925; xvi, 563 pp.) by John Kirtland Wright, Librarian of the American Geographical Society, should do much to correct any such misconceptions. Dr. Wright takes a broad view of his subject. "By 'geographical lore' we mean what was known, believed, and felt about origins, present conditions, and distribution of the geographical elements of the earth. This covers a wider field than most definitions of geography. It comprises theories of the creation of the earth, of its size, shape, and movements, and of its relations to the heavenly bodies; of the zones of its atmosphere and the varied physiographic features of air, water, and land; finally, it comprises theories of the regions of the earth's surface" (pp. 1-2). Having thus explained the scope of his work, the author proceeds to develop his subject in a series of chapters packed with detailed references, gathered from a wide reading of the sources and of the literature of the subject. The work is divided into two parts; the first, consisting of five chapters, deals with the sources of the geographical knowledge of the twelfth and thirteenth centuries, taking up in order the contributions of the ancient world, of western civilization, and of the Moslem world; the second part comprises chapters devoted to the various aspects of the geographical knowledge of his period. The book is written with care and scholarship. It carries conviction that the author had mastered his material before he wrote. In a few places minor corrections or additions could be made. It would, for example, have been well to qualify the statement that "medieval Christians made the fundamental error of supposing that Islam is an idolatrous cult" (p. 297) by citing a most interesting refutation of this error by Otto of Freising (Chron. VII, 7). But such criticisms of detail are few and unimportant. The book is a solid piece of work and a valuable addition to the literature of the subject. Copious notes, filling more than one hundred pages of the volume, furnish careful reference to sources and literature; a critical bibliography of forty-five pages adds materially to the usefulness of the work.

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